

VOTE *Social Development*

Social Development

Overview

Departmental Appropriations

Departmental appropriations sought for Vote Social Development in 2006/07 total \$687.241 million. This is intended to be spent as follows:

- \$296.085 million (43% of departmental appropriations in this Vote) on services to assess and pay the appropriate entitlement of social assistance to beneficiaries and protect the integrity of the benefit system, including management of debt.
- \$251.791 million (36.6% of departmental appropriations in this Vote) on services to assist people into employment.
- \$73.915 million (10.8% of departmental appropriations in this Vote) on specialised services, including services for students, seniors and the administration of community services cards.
- \$25.098 million (3.7% of departmental appropriations in this Vote) on leadership and co-ordination services to support and strengthen families communities and whānau.
- \$40.352 million (5.9% of departmental appropriations in this Vote) on the provision of social development leadership, including support of cross-sectoral government collaboration at a local level, strategic social policy advice, social sector policy advice, purchase and monitoring advice, social research and evaluation and ministerial services.

Non-Departmental Appropriations

Non-departmental appropriations sought for Vote Social Development in 2006/07 total \$15,166.345 million (GST exclusive). This is intended to be spent as follows:

- \$139.798 million on services from other organisations including the provision of employment support for people with disabilities (\$83.580 million) and services to improve outcomes for families (\$47.379 million).
- \$16.454 million purchasing services from the Children's Commissioner, the Retirement Commissioner and the Families Commission.
- \$6,782.076 million for New Zealand Superannuation to approximately 495,000 New Zealanders.
- \$392.898 million for Student Allowances and other student related payments to approximately 44,300 New Zealanders.
- \$5,858.924 million for other benefits and unrequited expenses:
 - Unemployment Benefit (\$782.744 million) to approximately 60,700 working age New Zealanders.
 - Domestic Purposes Benefit (\$1,503.825 million) to approximately 108,600 working age New Zealanders.
 - Invalids' Benefit (\$1,131.465 million) to approximately 76,300 working age New Zealanders.

- Accommodation Supplement (\$883.362 million) to approximately 254,600 New Zealanders.
- Other social security benefits (\$1,557.528 million).
- \$707.882 million for other expenses to be incurred by the Crown, including Employment Assistance (\$113.215 million) and Bad Debt Provisions (\$572.778 million).
- \$1,268.383 million for capital expenditure, including:
 - Student Loans (\$1,148.984 million) to approximately 169,800 New Zealanders.
 - Recoverable Assistance to low-income households (\$119.242 million).

The Ministry expects to collect \$7.995 million of Crown revenue and \$525.137 million of capital receipts.

Details of appropriations are contained in Parts B1, C, D and E of this Vote. Details of Crown Revenue and Receipts are contained in Part F.

Terms and Definitions Used

ACC	Accident Compensation Corporation
CCS	Childcare Subsidy
CPI	Consumers Price Index
CYF	Child Youth and Family
CYP&F Act	The Children, Young Persons and Their Families Act 1989
DPB	Domestic Purposes Benefit
DWI	Department of Work and Income
FACS	Family and Community Services
HNZC	Housing New Zealand Corporation
IT	Information Technology
LTCCP	Long Term Community Council Plans
MSD	Ministry of Social Development
MSP	Ministry of Social Policy
NCEA	National Certificate of Educational Achievement
NGO	Non-Government Organisation
NQF	National Qualifications Framework
NZDF	New Zealand Defence Force
OSCAR	Out of School Care and Recreation Programmes
SKIP	Strategies for Kids-Information for Parents
TCP	Telephone Costs Payment Programme
UNCROC	United Nations Conventions on the Rights of the Child

Footnotes

Note 1	Family Start is also funded from Votes Health and Education. This performance measure relates only to those funded by Vote Social Development.
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Minister Portfolio Table

63	Minister for Social Development and Employment
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Social Development

VOTE MINISTER: Minister for Social Development and Employment

ADMINISTERING DEPARTMENT: Ministry of Social Development

The Minister for Social Development and Employment is the Responsible Minister for the Ministry of Social Development

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote

Vote Social Development will make a significant contribution to the Government's themes of families - young and old and economic transformation.

Families - young and old focuses on providing all families with the support and choices they need to be secure and able to reach their full potential within our knowledge based economy. Vote Social Development contributes to the Families - young and old in the following ways. It helps children to get the best start in life by developing and implementing early intervention services to support vulnerable children and their families from before birth through to the transition to school. It supports strong families by co-ordinating action to minimise family violence. It supports older New Zealanders age positively by providing New Zealand Superannuation and it provides a safety net for people facing difficulties through the provision of income support.

The Families - young and old theme provides an opportunity to reinforce social sector collaboration and co-ordination, which has been building momentum over recent years. The Ministry of Social Development will continue to provide leadership for cross agency action in this area that ensures that all families, young and old, can reach their potential.

Economic transformation is about making New Zealand a high-skill, high-productivity, high-wage economy. Vote Social Development supports this theme by helping people into sustainable employment and training, by building the skills of the New Zealand workforce through the delivery of employment programmes and services, by partnering with employers to meet the skill demand for prospective employees and by providing enhanced work focused services to a broader range of clients. It also funds the provision of assistance, information and advice to students who are about to undertake some form of tertiary study. Work focused services help ensure every New Zealander has the skills and opportunity to contribute to the knowledge based economy and improve their quality of life.

The impacts that the appropriations in Vote Social Development are intended to have on different groups in society are reflected in the Ministry of Social Development's outcomes:

Outcome area	Outcome statement
Children and Young People	All children thrive in childhood, are respected and valued, have the opportunity to reach their full potential and participate positively in society now and in the future.
Working Age People	People achieve economic independence throughout their working lives. They are able to participate in and contribute to society and have a sense of belonging.
Older People	Older people are valued as important members of society and have the right to dignity and security in their senior years. They have opportunities to use their skills, knowledge and experience to contribute to society.

Outcome area	Outcome statement
Families, Whānau	Families and whānau are strong and richly interconnected with their communities. They are able to support their members' wellbeing, identity, participation in society, and interdependence.
Communities, Hapū, Iwi	Communities, hapū and iwi are able to determine and achieve their vital and unique social, economic and cultural goals for the betterment of New Zealand.

Links between Departmental Output Expenses and Outcomes

The links between the output expenses to be purchased and the outcomes for the Ministry of Social Development are set out below.

Departmental Output Expenses	Outcomes
Community Services Card	<p>Working Age People</p> <ul style="list-style-type: none"> people are supported to access health services for themselves and their families where barriers arising from cost, income and other circumstances are high.
Debt Management-Former Beneficiaries	<p>Working Age People</p> <ul style="list-style-type: none"> people receive their correct entitlement to social assistance.
Family and Community Services	<p>Families and Whānau</p> <ul style="list-style-type: none"> Families and Whānau are strong and richly interconnect with their communities. They are able to support their members wellbeing, identity, participation in society and interdependence.
Policy and Purchase Advice	<p>Leading Social Development</p> <ul style="list-style-type: none"> a whole-of government approach to achieving the Government's social vision. <p>Children and Young People</p> <ul style="list-style-type: none"> all children thrive in childhood, are respected and valued, have the opportunity to reach their full potential and participate in society now and in the future. <p>Working Age People</p> <ul style="list-style-type: none"> people achieve economic independence throughout their working lives. They are able to participate in and contribute to society and have a sense of belonging. <p>Older People</p> <ul style="list-style-type: none"> older people are valued as important members of society and have the right to dignity and security in their senior years. They have opportunities to use their skills, knowledge and experience to contribute to society. <p>Families and Whānau</p> <ul style="list-style-type: none"> families and whānau are strong and richly interconnect with their communities. They are able to support their members wellbeing, identity and interdependence. <p>Communities Hapū and Iwi</p> <ul style="list-style-type: none"> communities, hapū and iwi are able to determine and achieve their vital and unique social economic and cultural goals for the betterment of New Zealand.

Departmental Output Expenses	Outcomes
Services to Minimise the Duration of Unemployment and Move People into Work	<p>Working Age People</p> <ul style="list-style-type: none"> working age people are able to work and achieve economic independence through sustainable employment working age people unable to achieve economic independence have adequate income, the opportunity to engage in paid work, and are able to participate in their life of their communities.
Services to Protect the Integrity of the Benefit System	<p>Working Age People</p> <ul style="list-style-type: none"> people receive their correct entitlement to social assistance.
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	<p>Working Age People</p> <ul style="list-style-type: none"> working age people unable to achieve economic independence have adequate income, the opportunity to engage in paid work, and are able to participate in their life of their communities.
Services to Seniors	<p>Older People</p> <ul style="list-style-type: none"> older people are valued as important members of society and have the right to dignity and security in their senior years. They have opportunities to use their skills, knowledge and experience to contribute to society.
Services to Students	<p>Working Age People</p> <ul style="list-style-type: none"> encourage and enable participation in tertiary education that leads to successful educational outcomes and sustainable employment, while minimising debt.
Social Development Leadership	<p>Leading Social Development</p> <ul style="list-style-type: none"> a whole-of-government approach to achieving the Government's social vision.

Key Priorities in Vote Social Development

The priorities for Vote Social Development in 2006/07 include:

Supporting people into work and making work pay

- Contribute to the development of a single core benefit and enhanced employment services that will replace the current raft of benefits, rules and entitlements. This change will reduce the time spent on benefit administration, allowing case managers to focus more on assisting people from dependency to work.
- Continue to implement the Working for Families package, which provides more money to New Zealand's low and middle income families with children, and makes work pay for parents who move off benefit and into work. The key areas of focus in 2006/07 include:
 - In-Work Payment
 - Family Support
 - Income limits for the Family Tax Credit.
- Focusing on getting people into the right job at the right time, right from the start and provide security for those who can't work.
- Assist students with their decision making by providing information and an advisory service that offers students advice on study choices and how to finance their studies so they only borrow what they need.

- Continue to establish and administer the Youth Transitions Service to support young people to make good long-term choices about their lives after school.
- Facilitate and lead inter-agency action to increase opportunities for people to participate in sustainable employment.

Improving the social well-being of children, young people and their families

- Implement and further develop a comprehensive cross-year, cross-sectoral Early Intervention Programme to support vulnerable children and their families from before birth through to transition to school.
- Co-ordinate interagency action to minimise family violence, abuse and neglect of children and older persons. Actions include:
 - Continue to deliver and further develop the Family Violence Intervention Programme.
 - Continue to deliver Family Start services in existing sites, including strengthening and enhancing monitoring and reporting.
- Contract for the increased provision of services to child witnesses of violence within families by providing funding for child advocate positions, training for advocates and a national infrastructure.

Supporting older people to participate in employment and the community, and to age in place

- Continue to develop policy and options for implementing a Seniors Card.
- Continue to develop a service delivery strategy for older people to meet the future opportunities and challenges from an ageing population.

Strengthening Social Development Leadership

- Publish The Social Report 2006.
- Monitor and report on progress in reducing inequalities.
- Support the introduction of a Social Reporting Bill that will require future governments to report regularly on social outcomes.
- Organise a series of Social Development Forums to engage government and non-government stakeholders in discussions on critical social issues.
- Continue to expand the capacity and strengthen the capability of regional offices to provide support for Regional Commissioners for Social Development. This will enable regions to tailor services to local needs and opportunities, working with employers and local leaders to stimulate development and to achieve the best outcomes for clients.
- Improve regional social development, including:
 - Identify the potential roles that the Ministry can play in relation to the development of Long Term Community Council Plans (LTCCP).
 - Develop programmes of work across local and central government to progress the key deliverables for regions as encapsulated in the LTCCP's.
 - Facilitate cross sector collaboration that will lead to the delivery of multi-agency solutions to the real issues faced by regions and communities.

Part A2 - Trends in Vote

Introduction

Vote Social Development is in its fifth year of existence. It was formed by amalgamating Vote Work and Income and Vote Social Development Policy. The trends described in Vote Social Development reflect the trends in that vote and its predecessor votes.

There are no significant changes to the structure of Vote Social Development in 2006/07.

Output Trends 2001/02 to 2006/07

Departmental and non-departmental outputs

On 1 October 2001 the Department of Work and Income (DWI) and the Ministry of Social Policy (MSP) were merged to form the Ministry of Social Development. Strategic Social Policy Advice was established as a new output class from 1 July 2002 and its name changed on 1 July 2004 to Social Development Leadership. Family and Community Services was established as a new output class from 1 July 2004.

Departmental outputs increased between 2003/04 and 2004/05 largely as a result of new initiatives. The most significant was the implementation of the Working for Families reforms.

Departmental output expenses increased by \$48.577 million between 2004/05 and 2005/06. The most significant increase was \$13.098 million transferred from Vote Employment to administer Community Labour Market Development Assistance. The departmental costs of a number of new initiatives - for example Addressing Long Term Unemployed, New Service for Sickness and Invalids' Beneficiaries, and Early Intervention - also contributed to the increase.

Departmental output expenses decreased by \$11.174 million between 2005/06 and 2006/07 mainly because after the merger between the Ministry of Social Development and the Department of Child, Youth and Family Services on 1 July 2006 there is no need to appropriate funding for Information Technology Services to the Department of Child, Youth and Family Services in Vote Social Development. Accordingly this departmental output expense is no longer reported.

Non-departmental outputs increased by \$16.738 million between 2003/04 and 2004/05 as a result of the establishment of the Families Commission and additional funding for Vocational Services for People with Disabilities.

Non-departmental outputs increased by \$39.638 million between 2004/05 and 2005/06. The main reasons for this increase were the transfer of funding from Vote Child, Youth and Family Services for services purchased from NGOs that fitted better with the outcomes sought from Vote Social Development (\$21.835 million) and an increase in the funding for Vocational Services for People with Disabilities of \$13.163 million.

Non-departmental outputs increased by \$31.255 million between 2005/06 and 2006/07. The main reasons for this increase were a further transfer of funding from Vote Child, Youth and Family Services for services purchased from NGOs that fitted better with the outcomes sought from Vote Social Development (\$10.762 million) and a transfer of funding from Vote Health for services purchased from NGOs (\$7.454 million).

Benefits and other unrequited expenses

Benefit and other unrequited expense appropriations are estimated to increase to \$13,033.828 million in 2006/07 from \$11,559.515 million in 2001/02. This estimated increase is mainly due to annual inflation

adjustments to benefit rates. Excluding New Zealand Superannuation and Student Allowances and related payments the estimated expenditure for 2006/07 is \$5,858.924 million, an increase of \$149.565 million compared with expenditure of \$5,709.359 million in 2001/02. Trends in the major benefits and explanations of the trends are provided below. Except where stated otherwise, recipient numbers reported below are averages for the year.

Accommodation Supplement

Annual expenditure is estimated at \$883.362 million in 2006/07, compared with \$719.580 million in 2001/02. The number of Accommodation Supplement recipients is estimated to be 254,600 in 2006/07.

Between 2001 and 2004, the number of recipients fell in line with both falling levels of Unemployment Benefit and Domestic Purposes Benefit recipients, a reduction in take-up rates and falling use by non-beneficiaries. Expenditure fell at a slower rate than the number of recipients, due to increasing housing costs.

The Accommodation Supplement aspects of the Working for Families package started on 1 October 2004 with further increases on 1 April 2005. This has resulted in additional Accommodation Supplement recipients, particularly non-beneficiaries, and expenditure.

Expenditure is projected to increase in 2006/07 in line with an estimated increase in housing costs.

Childcare Assistance

Annual expenditure is estimated at \$127.019 million in 2006/07, more than double the \$54.701 million in 2001/02. Expenditure was steady from 2001/02 to 2003/04 as the declining number of recipients was offset by inflation adjustments and increases in the number of hours subsidised. The average number of children for whom a childcare assistance subsidy was paid decreased from 24,700 in 2001/02 to 22,800 in 2003/04. Working for Families changes introduced from 4 October 2004 increased the hourly subsidy and extended income thresholds to enable more working families to be eligible for subsidised childcare. The average number of children for whom a subsidy is expected to be paid is projected to be about 37,600 in 2006/07.

Disability Allowance

Annual expenditure increased to \$266.992 million in 2004/05 from \$223.881 million in 2001/02, before decreasing to an estimated \$262.544 million in 2005/06. Expenditure is then projected to increase to \$285.604 million in 2006/07.

The number of Disability Allowance recipients increased to 233,900 in 2004/05 from 203,200 in 2001/02, before decreasing to an estimated 230,000 in 2005/06. The number of recipients is projected to increase to 241,900 in 2006/07.

Most of the growth in Disability Allowance recipient numbers between 2001/02 and 2004/05 was due to an increasing proportion of New Zealand Superannuation recipients accessing the allowance. Increases in the number of Invalids' Benefit and Sickness Benefit recipients has also contributed to Disability Allowance growth between 2001/02 and 2004/05.

The decrease in expenditure in 2005/06 was due to a system change which meant that people who fail to renew their Disability Allowance annually have it automatically suspended (and subsequently cancelled). There was also a fall in the number of Invalids' Benefit recipients accessing Disability Allowance due to funding for Vocational Services being removed from Disability Allowance and transferred to a non-departmental output expense.

Expenditure is estimated to increase again in 2006/07 due to a policy change that enables people receiving disability-related care through the Residential Support Subsidy to also receive Disability Allowance.

Domestic Purposes Benefit

Annual expenditure is estimated to increase to \$1,503.825 million in 2006/07 from \$1,500.674 million in 2001/02. The number of recipients averaged 109,600 (including 108,600 working age recipients) during 2001/02 and is estimated to average 103,300 in 2006/07 (including 102,600 working age recipients). The number of recipients has declined since 2003/04, which, together with the April 2005 transfer of the child component to family support, has almost offset the increases caused by accumulated inflation adjustments to benefit rates and by changes to debt establishments.

Invalids' Benefit

Annual expenditure is estimated to increase to \$1,131.465 million in 2006/07, up from \$832.022 million in 2001/02. The number of Invalid's Benefit recipients is projected to increase to 78,000 (including 76,300 working age recipients) in 2006/07 from 62,300 (including 61,100 working age recipients) in 2001/02. The rate of growth however has been decreasing since early 2001. Almost half of the expenditure increase is due to accumulated inflation adjustments to benefit rates.

New Zealand Superannuation

Annual expenditure is estimated to increase to \$6,782.076 million in 2006/07 from \$5,449.536 million in 2001/02. The number of New Zealand Superannuation recipients is estimated to be 495,000 in 2006/07, up from 448,200 in 2001/02. This growth will continue in line with the growth in the population aged 65 and over. Accumulated cost of living adjustments to the standard New Zealand Superannuation rates of payment account for 63% of the increase in expenditure between 2001/02 and 2006/07.

Sickness Benefit

Annual expenditure is estimated to increase to \$574.836 million in 2006/07 from \$374.682 million in 2001/02. The number of Sickness Benefit recipients is estimated to increase to 48,100 (including 47,600 working age recipients) in 2006/07 from 35,400 (including 35,000 working age recipients) in 2001/02. Accumulated inflation adjustments account for over a third of the 2001/02 to 2006/07 expenditure increase.

Special Benefit

Annual expenditure in 2001/02 was \$49.333 million, and is estimated to increase to \$84.706 million in 2006/07 after peaking at \$175.177 million in 2004/05. There were 15,157 Special Benefit recipients on average during 2001/02. The number of recipients reached a peak in January 2005 at 57,800 before Working for Families changes were implemented in October 2004 and particularly in April 2005. In April 2006 Temporary Additional Support came into existence and is gradually replacing Special Benefit. The number of recipients and expenditure have both increased for Special Benefit since May 2000. This is due to increased awareness of third-tier assistance and Work and Income ensuring full and correct entitlement.

The Working for Families package has significantly improved the financial position of some households receiving Special Benefit through increases to Family Support and Accommodation Supplement.

To reflect this, the Government made changes to Special Benefit. Those Special Benefit clients receiving Family Support from 1 April 2005 have experienced a decrease in their Special Benefit, and those who benefited from increases to the Accommodation Supplement have also had their Special Benefit

adjusted. Since 1 April 2006 Special Benefit is gradually being replaced by Temporary Additional Support. However, those who were receiving Special Benefit at 31 March 2006 will continue to receive it until they no longer need it.

Student Allowances

Annual expenditure is projected to decrease from \$400.620 million in 2001/02 to \$350.654 million in 2005/06, and then to increase to \$363.991 million in 2006/07. The main driver of the fall in expenditure is a fall in the number of Student Allowance recipients to a maximum monthly count of 45,100 in 2005/06 from 56,900 in 2001/02. The fall in the number of Student Allowance recipients is mainly due a fall in the number of enrolments. Also, favourable labour market conditions have led to low up take by students eligible for small abated allowances. The increase in expenditure in 2006/07 is due to a projected increase in the number of Student Allowance recipients following the introduction of two new policies. The first policy, introduced in January 2006, increases personal income thresholds from \$135.12 to \$180 as well as introducing a new abatement scheme. The second policy, to be introduced in January 2007, raises the lower parental income threshold by 10%.

Unemployment Benefit

Annual expenditure is estimated to decrease to \$782,744 million in 2006/07 from \$1,368.647 million in 2001/02. The number of Unemployment Benefit recipients is estimated at 68,000 (including 60,700 working age recipients) in 2006/07 down from 140,500 (including 135,700 working age recipients) in 2001/02, but up from an estimated 64,700 (including 58,600 working age recipients) in 2005/06. The downward trend until 2005/06 was due to strong economic and employment growth, while the increase from 2005/06 to 2006/07 reflects the expected low economic and employment growth. Work and Income initiatives strengthened the downward trend as the labour market tightened. The lower number of recipients more than offsets the impact of annual inflation adjustments.

Other expenses to be incurred by the Crown

On 1 July 2004 the name of the Subsidised Work appropriation changed to Employment Assistance to reflect a widening in the scope of the appropriation. In 2005/06 Other Expenses to be Incurred by the Crown were projected to increase by \$9.156 million from 2004/05 largely as a result of an increase of \$5.778 million for Community Labour Market Development Assistance reflecting that the funding in 2005/06 was for a full year, rather than for part of the year as it was in 2004/05. From 2005/06 onwards Bad Debt Provisions were appropriated.

Other Expenses to be Incurred by the Crown are projected to decrease by \$107.404 million from 2005/06 largely as a result of a decrease of \$119.222 million in Bad Debt Provisions. A new method of calculating the Fair Value of Student Loans and a higher percentage provision has been applied in 2005/06 compared to 2006/07.

Capital expenditure

Departmental

In 2001/02 there was a capital contribution to transfer the net assets of the Ministry of Social Policy to the Ministry of Social Development. In 2003/04 there was a capital contribution of \$217,000 for set up costs of the Families Commission and \$233,000 for the transfer of net assets from the Ministry of Youth Affairs on 1 October 2003.

Non-departmental**Student Loans**

In 2006/07 expenditure is projected to be \$1,148.984 million compared with \$934.859 million in 2001/02. Between 2000/01 and 2004/05, numbers of loan accounts grew steadily in line with the strong growth in tertiary enrolments. After a 0.9% decrease in the 2005 academic year, the number of loan borrowers is estimated to increase by 4.0% in the 2006 academic year, mainly due to the impact of the no interest on Student Loans policy which began on 1 April 2006.

Crown revenue and capital receipts

Current Crown revenue comes from the administration fee charged when a Student Loan facility is first drawn down and interest accrued on Student Loans between the date the advance is made and the date the loan is transferred to the Inland Revenue Department. The current revenue varies with the amount of Student Loans advanced. From 1 April 2006 interest is no longer accumulated on Student Loans between the date the advance is made and the date the loan is transferred to the Inland Revenue Department.

Since 2001/02 Current Crown revenue has fluctuated between \$7.995 million and \$76.845 million. The forecast level in 2006/07 is \$7.995 million. This reduction is due to no longer accumulating interest on Student Loans between the date the advance is made and the date the loan is transferred to the Inland Revenue Department.

Capital receipts arise from Benefit Debt Recoveries, Overseas Pension Recoveries, Liable Parent Contributions and Student Loans - Repayment of Principal made prior to the loans being transferred to the Inland Revenue Department.

Capital receipts have risen steadily from \$446.555 million in 2001/02 to a forecast amount of \$531.112 million in 2006/07. Both Overseas Pension Recoveries and Student Loans Repayment of Principal have contributed to the steady increase.

New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
Accommodation Supplement Effects of HNZA Housing Acquisitions	Benefits and Other Unrequited Expenses - Accommodation Supplement	-	286	561	461	449
Bay of Plenty Flooding and Landslips May 2005: Options for Additional Areas for Recovery Assistance	Benefits and Other Unrequited Expenses - Special Needs Grant	50	-	-	-	-
Continue Strategies with Kids Information for Parents (SKIP) Programme	Departmental Output Expense - Family and Community Services	-	3,734	3,684	3,684	3,684
Disability Allowance for People in Residential Care	Benefits and Other Unrequited Expenses - Disability Allowance	2,312	14,052	14,413	14,731	15,249
	Benefits and Other Unrequited Expenses - Temporary Additional Support	1	3	4	4	4
Expansion of Youth Transitions	Departmental Output Expense - Services to Minimise the Duration of Unemployment and Move People into Work	-	-	2,500	2,500	2,500
	Departmental Output Expense - Family and Community Services	-	2,500	2,500	2,500	2,500
Funding for the Red Cross	Non-Departmental Output Expense - Capacity Building Initiatives	250	500	500	500	500
Generic Financial Education Programme in Support of KiwiSaver	Non-Departmental Output Expense - Retirement Commissioner	956	2,640	1,965	-	-
Hardship Assistance: Implementation of Temporary Additional Support	Benefits and Other Unrequited Expenses - Temporary Additional Support	422	893	30	(2,597)	(2,597)
New Zealand Superannuation and Veteran's Pension: Extension of Payment Overseas to Recognised Aid Agency Volunteers	Benefits and Other Unrequited Expenses - New Zealand Superannuation	-	319	336	354	354
Reducing Violence Within Families	Other Expenses to be Incurred by the Crown - Employment Assistance	(9,272)	-	-	-	-
	Departmental Output Expense - Family and Community Services	-	1,160	1,385	1,285	1,046
	Departmental Output Expense - Policy and Purchase Advice	-	365	420	420	295
	Non-Departmental Output Expense - Strong Families	-	839	1,539	1,839	1,699
Removal of Sharing Expenses Rule for Eligibility to the Living Alone Payment	Benefits and Other Unrequited Expenses - New Zealand Superannuation	127	168	176	186	186
Strengthening Families Review	Departmental Output Expense - Family and Community Services	328	646	646	646	646
	Non-Departmental Output Expense - Strong Families	1,062	2,750	2,750	2,750	2,750
Temporary Additional Support: Measures to Prevent Unintended Disadvantage	Benefits and Other Unrequited Expenses - Childcare Assistance	6	230	237	243	249
	Benefits and Other Unrequited Expenses - Temporary Additional Support	8	128	204	228	243
Temporary Additional Support: Ministerial Welfare Programme for Short-term Residential Treatment Programmes	Benefits and Other Unrequited Expenses - Temporary Additional Support	(46)	(323)	(358)	(382)	(409)
	Benefits and Other Unrequited Expenses - Assistance for People Requiring Care	77	538	597	636	682

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
Aligning Student Support with Funded Qualifications	Benefits and Other Unrequited Expenses - Accommodation Supplement	-	(54)	(109)	(111)	(113)
	Benefits and Other Unrequited Expenses - Student Allowances	-	(1,966)	(4,350)	(4,908)	(5,114)
	Benefits and Other Unrequited Expenses - Unemployment Benefit	-	(336)	(684)	(706)	(724)
	Capital Expenditure - Student Loans	-	(13,307)	(21,848)	(23,587)	(23,915)
	Other Expenses to be Incurred by the Crown - Bad Debt Provisions	-	(4,418)	(7,254)	(7,831)	(7,940)
Bonded Merit Scholarships: Rectifying an Error in the 2005 Budget Appropriation	Benefits and Other Unrequited Expenses - Merit Scholarships	750	750	750	300	-
Expanding Bonded Merit Scholarships	Benefits and Other Unrequited Expenses - Merit Scholarships	-	1,500	3,000	4,500	5,100
	Capital Expenditure - Student Loans	-	(787)	(1,927)	(3,067)	(3,735)
	Other Expenses to be Incurred by the Crown - Bad Debt Provisions	-	(261)	(640)	(1,018)	(1,240)
Implementing Free Early Childhood Education	Departmental Output Expense -Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	-	693	1,044	1,044	1,058
	Benefits and Other Unrequited Expenses - Childcare Assistance	-	-	(20,508)	(21,138)	(21,066)
Increasing the Student Allowance Parental Income Thresholds	Benefits and Other Unrequited Expenses - Accommodation Supplement	-	39	80	82	83
	Benefits and Other Unrequited Expenses - Student Allowances	-	1,960	4,169	4,341	4,473
	Benefits and Other Unrequited Expenses - Unemployment Benefit	-	237	486	506	520
	Capital Expenditure - Student Loans	-	(529)	(1,126)	(1,172)	(1,208)
	Other Expenses to be Incurred by the Crown - Bad Debt Provisions	-	(176)	(374)	(389)	(401)
Interest Free Student Loans	Capital Expenditure - Student Loans	80,534	199,238	266,689	292,912	358,001
	Other Expenses to be Incurred by the Crown - Bad Debt Provisions	284,071	418,731	457,393	483,363	504,972
New Zealand Scholarship 2005 and Beyond	Benefits and Other Unrequited Expenses - Scholarship and NQF/NCEA Awards	557	588	1,592	1,592	1,592
Student Allowances for Doctoral Students	Benefits and Other Unrequited Expenses - Student Allowances	-	642	1,301	1,334	1,363
	Capital Expenditure - Student Loans	-	(173)	(351)	(360)	(368)
	Other Expenses to be Incurred by the Crown - Bad Debt Provisions	-	(57)	(117)	(120)	(122)
Total Initiatives		362,193	633,742	711,305	755,555	841,246

Part B - Statement of Appropriations

Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	631,537	623,710	655,318	722,346	823,412	823,412	687,241	-	156,252	-	843,493	842,994	856,638	828,270
Benefits and Other Unrequited Expenses	11,559,515	11,743,189	11,988,075	12,068,375	12,427,894	12,427,894	N/A	N/A	13,033,828	-	13,033,828	13,713,546	14,194,466	14,778,488
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	88,537	97,220	103,499	106,985	815,286	583,305	-	-	707,882	-	707,882	762,621	800,143	829,101
Capital Expenditure	1,028,668	1,052,198	1,106,305	1,080,266	1,147,887	1,147,887	N/A	N/A	1,268,383	-	1,268,383	1,355,327	1,424,714	1,491,090
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	13,308,257	13,516,317	13,853,197	13,977,972	15,214,479	14,982,498	687,241	-	15,166,345	-	15,853,586	16,674,488	17,275,961	17,926,949
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	76,845	67,657	70,099	70,582	58,082	58,082	N/A	N/A	N/A	N/A	7,995	8,392	8,736	9,033
Capital Receipts	446,555	438,563	463,646	463,070	480,491	480,491	N/A	N/A	N/A	N/A	525,137	544,957	558,219	578,970
Total Crown Revenue and Receipts	523,400	506,220	533,745	533,652	538,573	538,573	N/A	N/A	N/A	N/A	533,132	553,349	566,955	588,003

Part B1 - Details of Appropriations

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Community Services Card (M63)	5,833	-	5,833	-	5,764	-	- Services to issue and produce Community Services cards, promote and distribute information about the card.
Debt Management - Former Beneficiaries (M63)	19,204	-	19,204	-	19,452	-	- Services to manage debt from former beneficiaries.
Family and Community Services (M63)	18,239	-	18,239	-	25,098	-	- Provision of leadership and co-ordination services to support and strengthen families and whānau; including providing information and advice that assists families, young people and communities and managing preventative social services programmes. Reason for Change: The main reason for the increase in this appropriation is three new initiatives. See Part A for details.
Information Technology Services to the Department of Child, Youth and Family Services (M63)	12,500	-	12,500	-	-	-	- Provision of an IT infrastructure for the Department of Child, Youth and Family Services. Reason for Change: On 1 July 2006 the Department of Child, Youth and Family Services will merge with the Ministry of Social Development. As a result these costs will no longer be treated as a separate output expense.
Policy and Purchase Advice (M63)	42,188	-	42,188	-	37,421	-	- Provision of social policy advice, research and evaluation, purchase and monitoring advice in regard to social service sector delivery agencies and Crown entities, and ministerial services. Reason for Change: The main reason for the decrease in this appropriation is that funding for one initiative ceased in 2006/07.
Services to Minimise the Duration of Unemployment and Move People into Work (M63)	233,405	-	233,405	-	251,791	-	- Strategies and services designed to reduce unemployment and reduce the time spent by people on social security benefits; including supporting clients to be work ready, facilitating job seeker attachment to work opportunities and supporting clients in employment. Reason for Change: The main reason for the increase in this appropriation is that the increased percentage of frontline staff time spent on benefit issues in 2005/06 is not expected to recur in 2006/07.
Services to Protect the Integrity of the Benefit System (M63)	36,228	-	36,228	-	36,826	-	- Services to minimise errors, fraud and abuse of the benefit system.

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency (M63)	257,877	-	257,877	-	239,807	-	<p>Services to manage the delivery of income support payments, including the assessment and payment of primary and supplementary benefits to working age beneficiaries ,and managing client debt repayments.</p> <p>Reason for Change: The main reason for the decrease in this appropriation is the increased percentage of frontline staff time spent on benefit issues in 2005/06 that is not expected to recur in 2006/07.</p>
Services to Seniors (M63)	36,210	-	36,210	-	36,706	-	<p>Services to manage the delivery of New Zealand Superannuation and New Zealand's international social security agreements.</p>
Services to Students (M63)	32,188	-	32,188	-	31,445	-	<p>Services to manage the assessment and payment of Student Allowances and Student Loans, administration of grants and scholarships and provision of comprehensive information to students who are either already in tertiary study, or are considering tertiary study.</p>
Social Development Leadership (M63)	4,543	-	4,543	-	2,931	-	<p>Provision of strategic social policy advice and regional social development leadership.</p> <p>Reason for Change: The main reason for the decrease in this appropriation is that funding for two initiatives ceased in 2006/07.</p>
Total Departmental Output Expenses (General)	698,415	-	698,415	-	687,241	-	
Non-Departmental Output Expenses							
Capacity Building Initiatives (M63)	1,745	-	1,745	-	1,469	-	<p>Provision of services to deliver talking books and articles for the blind, purchase of services from the Red Cross and purchase of services from Project K.</p> <p>Reason for Change: The reason for the decrease in this appropriation is that funding for two initiatives ceased in 2006/07. This was partially offset by an increase in funding to purchase services from the Red Cross between 2005/06 and 2006/07.</p>
Children's Commissioner (M63)	1,762	-	1,762	-	1,757	-	<p>Provision of services from the Children's Commissioner including the discharge of the Commissioner's duties under the CYP&F Act, the Children's Commissioner Act, identification of aspects of law, policy and practice that might adversely affect children and the development and proposal of remedies.</p>
Connected Communities (M63)	2,446	-	2,446	-	3,315	-	<p>Purchase of services to strengthen community cohesion, participation, and capability.</p> <p>Reason for Change: The main reason for the increase in this appropriation is an expense transfer of Community Initiatives funding from 2005/06.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Families Commission (M63)	7,459	-	7,459	-	8,170	-	Provision of services from the Families Commission to promote the interests of the full range of New Zealand families and promote better understanding of family issues and needs amongst government agencies and in the wider community, and to undertake a research programme.
Retirement Commissioner (M63)	5,044	-	5,044	-	6,527	-	Provision of services from the Retirement Commissioner to develop and promote methods of improving the effectiveness of retirement income policies. This is achieved through the publishing of information and the delivery of a comprehensive public education programme on retirement savings issues. Reason for Change: The main reason for the increase in this appropriation is that funding for a generic financial education programme to support KiwiSaver is higher in 2006/07 than 2005/06. See Part A for details.
Services for At-Risk Youth (M63)	543	-	543	-	543	-	Provision of services to increase employment outcomes for at-risk youth. These services aim to assist participants into full-time employment, develop sustainable employment pathways, provide targeted education and reduce youth offending.
Social Workers Registration Board (M63)	467	-	467	-	-	-	Provision of operational funding for the Social Workers Registration Board to develop and implement the register of social workers, oversee the establishment of the social workers complaints and disciplinary tribunal and promote the benefits of registration of social workers. Reason for Change: Funding for services provided by the Board will be met from levies and fees rather than Crown Revenue.
Strong Families (M63)	21,692	-	21,692	-	47,379	-	Purchase of services to improve outcomes for families and their members, including services that provide general advice and information, and services that improve their resilience and safety. Reason for Change: The main reasons for the increase in this appropriation are a further transfer of funding from Vote Child, Youth and Family Services and a transfer of funding for Family Start, Early Start and Intensive Home Visiting funding from Vote Health.
Student Placement Services (M63)	3,512	-	3,512	-	3,512	-	Provision of placement services for students for holiday and term employment.
Vocational Services for People with Disabilities (M63)	80,327	-	80,327	-	83,580	-	Provision of vocational services for people with disabilities including community participation and employment services. Reason for Change: The main reason for the increase in this appropriation is that initiatives approved in earlier budgets have funding in 2006/07 that is greater than in 2005/06.
Total Non-Departmental Output Expenses	124,997	-	124,997	-	156,252	-	

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses							
Accommodation Supplement (M63)	843,269	-	843,269	-	883,362	-	<p>Provision of financial assistance to people with high accommodation costs relative to income and with limited cash assets. Paid to people who meet the eligibility criteria under sections 61E to 61EC of the Social Security Act 1964.</p> <p>Reason for Change: The increase in this appropriation is due both an increasing average payment rate and an increasing number of recipients.</p>
Assistance for People Requiring Care (M63)	6,184	-	6,184	-	7,006	-	<p>This provision covers three types of payments: the Home Help Programme, clothing costs of people receiving Residential Care Subsidy or Residential Care Loan and financial assistance for travel and accommodation costs associated with attending a limb centre. The Home Help Programme, which is paid pursuant to section 124(1)(d) of the Social Security Act 1964, pays means-tested financial assistance for people who need home help (such as housework, gardening or shopping) as a result of a domestic emergency or because they need domestic support for some other reason and there is no one available in the home to provide such help. Home Help also provides non-means tested financial assistance for home help to parents in the instance of a multiple birth. An annual clothing allowance, which is paid pursuant to sections 154 and 155 of the Social Security Act 1964, can be paid to rest home and hospital clients who receive a Residential Care Subsidy or Residential Care Loan. Non-means tested financial assistance, which is paid pursuant to section 30 of the Disabled Persons Community Welfare Act 1975, is available to people to meet travel and accommodation costs associated with attending a limb centre.</p> <p>Reason for Change: The increase in appropriation is due to the introduction of the Community Costs Programme and an increase in the number of recipients of residential care subsidies due to the progressive removal of asset testing that started in July 2005.</p>
Benefits Paid in Australia (M63)	79,638	-	79,638	-	70,579	-	<p>Reimbursement to the Australian Government for income support assistance provided to New Zealanders eligible under the 1994 Reciprocal Agreement, which was terminated for new entrants on 1 July 2002. From 1 July 2002 the Social Welfare (Reciprocity with Australia) Order 2002 came into force, with payments now reflecting pre-agreed amounts in Australian currency before adjusting for annual inflation.</p> <p>Reason for Change: The decrease in the appropriation reflects the amounts agreed from 1 July 2002 under the 'grandparenting' terms for recipients under the 1994 reciprocal agreement.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Child Disability Allowance (M63)	69,754	-	69,754	-	78,141	-	<p>Provision of non-means tested income support for the principal caregiver of a child with a serious disability. Paid in accordance with the criteria set out in sections 39A to 39E of the Social Security Act 1964.</p> <p>Reason for Change: The increase in appropriation is a combination of ongoing increases in recipient numbers and the impact of cost of living adjustments.</p>
Childcare Assistance (M63)	109,543	-	109,543	-	127,019	-	<p>Provision of assistance with the cost of childcare that meets specific quality guidelines, and where parents meet activity and income criteria pursuant to the Social Security (Childcare Assistance) Regulations 2004.</p> <p>Reason for Change: The increase in appropriation is due to cost of living adjustments and ongoing increases in demand (reflecting 2004 and 2005 Working for Families impacts). Additional increases are expected following the income threshold rise in October 2006 and the phase-in of Family Start related payments, which fall mainly in the 2006/07 fiscal year.</p>
Defence Force Allowance (M63)	10,020	-	10,020	-	1,657	-	<p>Provision of income assistance to personnel in the New Zealand Defence Force (NZDF) and civilians employed by NZDF engaged outside New Zealand. Paid under the criteria contained in a Ministerial Welfare Programme under section 124(1)(d) of the Social Security Act 1964. The allowance is paid by the NZDF and reimbursed by the Ministry of Social Development.</p> <p>Reason for Change: The decrease in this appropriation is due to overseas deployments ending or being scheduled to end.</p>
Disability Allowance (M63)	262,544	-	262,544	-	285,604	-	<p>Provision of income-tested support for people who have ongoing, additional costs because of their disability, where the disability is likely to last at least 6 months. Paid in accordance with criteria set out in section 69C of the Social Security Act 1964 and in the Disability Allowance Ministerial Direction pursuant to section 5 of the Social Security Act 1964.</p> <p>Reason for Change: Around half of the increase in appropriation is due to a policy change from April 2006 enabling people who receive disability-related care through Residential Support Subsidy to also receive Disability Allowance. An increasing number of recipients and to a lesser extent, increasing average payment rates also contributed to the increase in appropriation.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Disability Allowance Telephone Support (M63)	6,722	-	6,722	-	5,769	-	<p>Provision of financial assistance to persons who lost entitlement to a Disability Allowance for telephone rental costs following April 1999 changes. Paid in accordance with criteria set out in the Telephone Costs Payment Programme pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: The decrease in appropriation is due to the ongoing reduction in the number of recipients.</p>
Domestic Purposes Benefit (M63)	1,492,651	-	1,492,651	-	1,503,825	-	<p>Provision of income support for sole parents, caregivers of sick or infirm people or women alone, whose domestic circumstances exclude them from fully participating in the labour force. Paid in accordance with criteria set out in section 27A, 27B, 27BA, 27C, 27D, 27G of the Social Security Act 1964.</p> <p>Reason for Change: The increase in expenditure is mainly caused by cost of living adjustments. This is partly offset by a decreasing trend in the number of recipients caused mainly by the introduction of the In-Work payment in April 2006 under the Working for Families Package.</p>
Family Start/NGO Awards (M63)	284	-	284	-	550	-	<p>Payment of course fees for Family Start family/whānau and NGO workers pursuing social work qualifications.</p> <p>Reason for Change: The increase is due to an increase in the number of awards.</p>
Independent Youth Benefit (M63)	19,116	-	19,116	-	18,481	-	<p>Provision of income support for people aged 16 or 17 years who are currently unemployed but actively seeking work, training for work, at school, or sick, injured or disabled, where it is inappropriate for them to obtain financial support from their parents. Paid in accordance with criteria set out in sections 60F-60GAA of the Social Security Act 1964.</p> <p>Reason for Change: The decrease in appropriation reflects the continuing fall in the number of recipients during 2005/06. This lower level of recipients is expected to continue throughout 2006/07 and more than offsets the increase caused by cost of living adjustments.</p>
Invalids' Benefit (M63)	1,073,731	-	1,073,731	-	1,131,465	-	<p>Provision of means-tested income support for people who are totally blind, or permanently and severely restricted in their capacity for work due to sickness, injury or disability. Paid in accordance with the criteria set out in sections 39F to 45 of the Social Security Act 1964.</p> <p>Reason for Change: Expenditure is rising due to the annual cost of living adjustments and an increasing number of people in receipt of Invalids' Benefit.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Merit Scholarships (M63)	1,500	-	1,500	-	4,500	-	<p>Provision of bonded scholarships that reward New Zealand's most academically capable students by providing financial support.</p> <p>Reason for Change: The increase in expenditure is due to, the correction of an error in the 2005 Budget appropriation of \$0.750 million, a policy to expand Bonded Merit Scholarships by \$1.5 million and an increase in the expected number of scholarships.</p>
New Zealand Superannuation (M63)	6,415,033	-	6,415,033	-	6,782,076	-	<p>Provision of an income for people who have reached the qualifying age of 65 years and fulfil the residency requirements, as provided for in the New Zealand Superannuation Act 2001.</p> <p>Reason for Change: The increase in appropriation is due to both the cost of living adjustments and an increasing number of recipients. This is partially offset by a greater reduction in expenditure due to increases in receipts of overseas pensions.</p>
Orphans'/Unsupported Child's Benefit (M63)	64,194	-	64,194	-	68,141	-	<p>Provision of income support for people charged with the responsibility for the care of a child whose parents are dead or cannot be located, or suffer a serious long-term disablement which renders them unable to care for the child, or where there has been a breakdown in the child's family. Paid in accordance with criteria set out in sections 28-31 of the Social Security Act 1964. It also provides for payments to former foster parents receiving Orphan's Benefit or Unsupported Child's Benefit for a child previously in the care of Child, Youth and Family.</p> <p>Reason for Change: Expenditure is rising due to the annual cost of living adjustments and an increasing number of people in receipt of Orphans'/Unsupported Child's Benefit.</p>
Relocation Assistance (M63)	124	-	124	-	126	-	<p>Provision of assistance to victims of domestic violence and witness protection cases, made on the recommendation of the NZ Police. This is a Welfare Programme established under section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: The increase in appropriation is due to cost of living adjustments.</p>
Residential Social Rehabilitation Assistance (M63)	1,496	-	1,496	-	1,502	-	<p>Provision of financial assistance to help people resident in approved residential social rehabilitation programmes to pay the cost of their treatment or care in those programmes. Paid in accordance with the criteria set out in the Social Rehabilitation Assistance Programme pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: This increase is due to a cost of living adjustment to one of the three components that contribute to the weekly payment rate.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Scholarship and NQF/NCEA Awards (M63)	3,402	-	3,402	-	3,625	-	<p>Provision of awards in recognition of achievement in New Zealand Scholarship and the National Qualifications Framework/National Certificate of Education Achievement Level 3.</p> <p>Reason for Change: The increase in appropriation is due to an increase in the expected number of scholarships.</p>
Sickness Benefit (M63)	540,164	-	540,164	-	574,836	-	<p>Provision of means-tested income support for people who are not in full-time employment and are limited in their capacity for work, or who are in employment but working at a reduced level, because of sickness, injury, disability or pregnancy. Paid in accordance with the criteria set out in sections 54 to 54F of the Social Security Act 1964.</p> <p>Reason for Change: Expenditure is rising due to the annual cost of living adjustments and an increasing number of people in receipt of Sickness Benefit.</p>
Special Annuities (M63)	61	-	61	-	39	-	<p>Provision to pay annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society. The programme is administered by the Secretary for War Pensions.</p> <p>Reason for Change: The decrease in appropriation is due to a reduction in the number of special annuities.</p>
Special Benefit (M63)	162,231	-	162,231	-	84,706	-	<p>Provision of means-tested discretionary assistance to clients whose particular circumstances are causing ongoing hardship, in accordance with criteria set out in section 61G of the Social Security Act 1964 and in the Special Benefit Ministerial Direction made pursuant to section 5 of the Social Security Act 1964. This non-taxable payment is not intended as a long-term solution to a client's shortfall. It is paid to help meet essential costs while the client makes efforts to reduce their living costs or increase their income.</p> <p>Reason for Change: The decrease is a result of Special Benefit being gradually replaced by Temporary Additional Support. There are no new applications for grants of Special Benefit after 1 April 2006.</p>
Special Needs Grants (M63)	52,939	-	52,939	-	54,073	-	<p>Provision of means-tested mainly non-recoverable assistance for people who have an immediate need because they face emergency or essential costs, or in specific circumstances. Paid in accordance with criteria set out in the Special Needs Grants Programme made pursuant to section 124(1)(d) of the Social Security Act 1964. Means tested Funeral Grants are payable under sections 61D to 61DE of the Social Security Act 1964.</p> <p>Reason for Change: The increase is due to a small rise in the amount claimed per parent beneficiary; an increase in all parent benefit numbers, except Domestic Purposes Benefit; and an increase in non-beneficiary and Funeral Grant expenditure.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Special Transfer Allowance (M63)	202	-	202	-	177	-	<p>Provision of assistance with accommodation costs to recipients of the Special Transfer Allowance prior to November 2000 and to former Tenure Protection Allowance recipients who ceased to be eligible because HNZC sold their house to a private landlord. Paid in accordance with the criteria set out in the Special Transfer Allowance Programme 2000 pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: The decrease in this appropriation is due to the ongoing reduction in the number of recipients since November 2000.</p>
Step Up Scholarships (M63)	4,080	-	4,080	-	6,630	-	<p>Provision of financial support to assist young students from low income backgrounds to participate in high cost tertiary education courses.</p> <p>Reason for Change: The increase in appropriation is due to an increase in the expected number of scholarships.</p>
Student Allowances (M63)	350,654	-	350,654	-	363,991	-	<p>Provision of means-tested allowances for students who are on an approved study programme at a school or recognised tertiary institute in accordance with the criteria set out in the Student Allowances Regulations 1998. Also includes payments to students with dependents as set out in the Student Allowance Transfer Grant Programme pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: The increase in appropriation is due to an increase in the average payment rate along with the cost of living adjustments to allowances. This increase is partially offset by a fall in the number of recipients mainly as a result of a decrease in enrolments.</p>
TeachNZ Scholarships (M63)	11,971	-	11,971	-	14,082	-	<p>Provision of financial support for early childhood, Māori medium and some secondary subject teacher trainees.</p> <p>Reason for Change: The increase in appropriation is due to an increase in the expected number of scholarships.</p>
Temporary Additional Support (M63)	4,054	-	4,054	-	53,675	-	<p>Provision of means tested temporary financial assistance of last resort to alleviate financial hardship for people whose essential costs cannot be met from their chargeable income and other sources, as set out in accordance with criteria in section 61 G and in accordance with any regulations made under section 132AB of the Social Security Act 1964 which comes into force on 1 April 2006. This non-taxable payment is made to help meet essential living costs while clients reduce their commitments and live within their usual income.</p> <p>Reason for Change: The increase in expenditure is due almost entirely to expected growth in the number of people receiving Temporary Additional Support.</p>

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Training Incentive Allowance (M63)	42,911	-	42,911	-	43,507	-	<p>Provision of assistance with costs of undertaking approved employment related training for recipients of a Domestic Purposes Benefit, Widows Benefit, Invalids Benefit or Emergency Maintenance Allowance. Paid in accordance with the criteria set out in the Training Incentive Allowance Programme pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: The increase is due to phase-in of the Young Parent Childcare payment pilot from February 2006.</p>
Transition to Work (M63)	2,835	-	2,835	-	3,100	-	<p>Provision of payments to beneficiaries and ex beneficiaries, who meet certain criteria, to assist in the transition from benefit to employment and the continuation of employment. These provisions are paid in accordance with the criteria set out in the Seasonal Work Assistance Programme pursuant to section 5 and section 124(1)(d) of the Social Security Act 1964, the New Employment Transition Grant Programme pursuant to section 124(1)(d) of the Social Security Act 1964 and the Pathways Payment Programme 2002 pursuant to section 5 and section 124(1)(d) of the Social Security Act 1964 and Direction on Pathways Debt Recovery Suspension.</p> <p>Reason for Change: The increase in this appropriation reflects a combination of cost of living adjustments to most components and expected growth in payments made under the employment transition programme.</p>
Transitional Working for Families Supplement (M63)	30	-	30	-	13	-	<p>Provision of supplementary assistance so that beneficiaries and non-beneficiaries who may be otherwise unintentionally financially disadvantaged by changes introduced as part of the Working for Families package will be no worse off and in accordance with criteria set out in the Social Security (Working for Families - Transitional Supplement) Regulations 2004 made pursuant to section 25 of the Social Security (Working for Families) Amendment Act 2004. This benefit will cease on 30 June 2008.</p> <p>Reason for Change: The reduction in appropriation is due to an expected fall in the number of recipients.</p>
Unemployment Benefit (M63)	713,904	-	713,904	-	782,744	-	<p>Provision of means-tested assistance for people who are not in full-time employment and are available for and seeking full time employment, or engaged in approved activities. Paid in accordance with criteria set out in sections 88A to 123D of the Social Security Act 1964.</p> <p>Reason for Change: The increase in appropriation is due to both a rise in the number of recipients and cost of living adjustments.</p>

	2005/06				2006/07		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2006/07 Appropriations
Widows' Benefit (M63)	82,653	-	82,653	-	78,827	-	Provision of means-tested income support for women whose partners have died and who do not yet qualify for New Zealand Superannuation, but meet residency and other requirements. Paid in accordance with criteria set out in section 21 of the Social Security Act 1964. Reason for Change: The decrease in appropriation is due to the ongoing decline in the number of recipients, which outweighs the cost of living adjustment.
Total Benefits and Other Unrequited Expenses	12,427,894	-	12,427,894	-	13,033,828	-	
Other Expenses to be Incurred by the Crown							
Bad Debt Provisions (M63)	692,000	-	460,019	-	572,778	-	Provision for write downs of Crown debt administered by the Ministry of Social Development due to debt write offs or debt provisions resulting from the need to value debt in accordance with generally accepted accounting practice. Reason for Change: The main reason for the decrease is a change in the method of calculating the Fair Value of Student Loans in 2005/06 only.
Community Labour Market Development Assistance (M63)	10,222	-	10,222	-	9,333	-	Assistance to communities and groups to develop initiatives leading to sustainable opportunities for employment that lead to self sufficiency and contribute to the local economy.
Employment Assistance (M63)	100,243	-	100,243	-	113,215	-	Provision of assistance to help address barriers faced by job seekers so they can become work ready, move into employment and stay in employment for longer periods of time. This employment assistance is governed by the Cabinet and Ministerial Guidelines for Employment Programmes and Services. Reason for Change: The main reason for the increase in this appropriation is that the 2005/06 appropriation decreased to partially fund a Budget 2006 new initiative. See Part A for details.
Out of School Care Programmes (M63)	11,108	-	11,108	-	12,551	-	Provision of assistance to CYF approved OSCAR programmes to assist with the establishment and/or operating costs of OSCAR programmes.
Stronger Communities Action Fund (M63)	1,703	-	1,703	-	-	-	Provision of social and welfare services and initiatives to meet needs identified by local communities through devolved decision-making processes. Reason for Change: Funding for this initiative was time-limited and it has ceased.
Suspensory Loan Abatement (M63)	10	-	10	-	5	-	Provision for the abatement of suspensory loans.
Total Other Expenses to be Incurred by the Crown	815,286	-	583,305	-	707,882	-	

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Expenditure							
Community Services Card Reimbursements (M63)	216	-	216	-	157	-	<p>Provision to reimburse low-income earners who are eligible for, but are yet to receive, a Community Services Card in accordance with the criteria set out in regulation 5(1) of the Health Entitlement Cards Regulations 1993.</p> <p>Reason for Change: The decrease is due to lower than expected card use as more segments of the population are eligible for cheaper healthcare through Primary Health Organisations.</p>
Recoverable Assistance (M63)	113,268	-	113,268	-	119,242	-	<p>Facility for low-income earners and beneficiaries to access a means-tested loan to enable them to meet essential and immediate needs, or costs in specific circumstances. Criteria are set out in the Welfare Programme for Recoverable Assistance for Non-Beneficiaries pursuant to section 124(1)(d) of the Social Security Act 1964; Ministerial Direction for Advance Payment of Benefits pursuant to section 5 of the Social Security Act 1964 and recoverable Special Needs Grants in relevant parts of Welfare Programme for Special Needs Grants pursuant to section 124(1)(d) of the Social Security Act 1964. Reasons for change: The increase in loan amounts is due to the rise in the rate of use of this facility by most recipient groups.</p> <p>Reason for Change: The increase is due to a rise in the amount claimed per parent beneficiary in 2006/07 relative to the flattening experienced in 2005/06 following family support increases in April 2005; an increase in all parent benefit numbers, except DPB; and an increase in non-beneficiary expenditure. Growth in non-beneficiary expenditure under the Recoverable Assistance programme is expected to slow following the April 2006 introduction of In-Work Payment. Demand will continue however as more ex-beneficiaries and other low income earners utilise this facility.</p>
Student Loans (M63)	1,034,403	-	1,034,403	-	1,148,984	-	<p>Provision of loans to tertiary students undertaking studies at approved tertiary institutions to assist with fees, course-related expenses and living costs. These loans are repayable at a set rate on income earned over a set threshold. Reasons for change: The rise in expenditure is mainly due to the combined effects of increases in the number of borrowers and average borrowings.</p> <p>Reason for Change: The increase in expenditure is mainly due to the combined effects of increases in the number of borrowers and average borrowings.</p>
Total Capital Expenditure	1,147,887	-	1,147,887	-	1,268,383	-	
Total Appropriations	15,214,479	-	14,982,498	-	15,853,586	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Community Services Card

Through this output expense the Ministry administers the distribution of the Community Services Card and provides information to the public about the card. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, Older People, and Families and Whānau. It contributes to these outcomes by reducing the effects of hardship, and by giving low-to-middle income people access to affordable primary health services.

Debt Management - Former Beneficiaries

Through this output expense the Ministry provides debt management services for non-current debt held by former beneficiaries. Debt is identified as either recoverable assistance, provided to beneficiaries in times of specific hardship; or as a result of overpayments through Ministry or client error; abuse or fraud. This output expense supports the achievement of the Ministry's outcomes by ensuring agreed repayments are promptly negotiated and collected in a way that maximises the return to the Crown and reflects the former beneficiaries current circumstances.

Family and Community Services

Through this output expense the Ministry provides services to strengthen families and communities. This output expense contributes primarily to the Ministry's high-level outcomes for Families and Whānau, and for Communities, Hapū and Iwi. The services in this output expense contribute to these outcomes by building the knowledge and capability of families and communities, by supporting programmes that build family resilience and safety, and by promoting social cohesion and participation in communities.

The Family and Community Services (FACS) service line leads and co-ordinates services to families and communities across New Zealand.

Policy and Purchase Advice

Through this output expense the Ministry provides social sector policy advice, research and evaluation, purchase and monitoring advice and Ministerial services. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, Older People, Families and Whānau, and Communities, Hapū and Iwi.

Services to Minimise the Duration of Unemployment and Move People into Work

Through this output expense the Ministry provides services aimed at assisting job seekers into sustainable employment. This output expense contributes to the Ministry's high-level outcome for Working Age People by preparing clients for work, placing clients into employment, and supporting clients while in employment.

To assist clients into sustainable employment the Ministry will:

- work in partnership with industry to identify skill and labour shortages

- develop labour market opportunities for jobseekers
- work with communities to enhance labour market development.

Services to Protect the Integrity of the Benefit System

Through this output expense the Ministry provides services to minimise errors, fraud and abuse of the benefit system by:

- identifying problems that may undermine the integrity of the benefit system
- raising awareness of the consequences of non-compliance
- preventing, detecting, and investigating benefit fraud
- sanctioning those who commit benefit fraud.

Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency

Through this output expense the Ministry provides income support and services to encourage economic and social inclusion. This output expense contributes primarily to the Ministry's high-level outcomes for Working Age People and Families and Whānau by enabling working-age people to participate in, and contribute to, society.

To achieve this, the Ministry will:

- ensure all clients receive their full and correct entitlements
- help people not in employment to receive the benefits to which they are entitled
- help people in employment know about and access the assistance to which they are entitled
- make work pay through the Working for Families package.

Services to Seniors

Through this output expense the Ministry provides services to seniors living in New Zealand and overseas. These services aim to promote self-reliance, positive ageing, and independence for older people. This output expense contributes primarily to the Ministry's high-level outcome for Older People, by providing New Zealand Superannuation and other entitlements, and by providing portability arrangements so New Zealand superannuitants have entitlement regardless of where they choose to retire. It also contributes by increasing the network of international social security agreements.

Services to Students

Through this output expense the Ministry provides financial support to New Zealand students who might otherwise be unable to access tertiary education. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, and Families and Whānau. It contributes to these outcomes by helping people gain qualifications which will improve their employment prospects and by providing support to families who have one or more members studying.

The StudyLink service line manages the delivery of Student Allowances and Student Loan services. Student Allowance and Loan policy is primarily the responsibility of the Ministry of Education. A protocol between the Ministry of Social Development, the Ministry of Education, the Inland Revenue Department

and the Tertiary Education Commission defines the roles and responsibilities of each agency for the Student Allowance and Loan programmes. The Ministry also works closely with other agencies to ensure effective co-ordination and communication.

Social Development Leadership

Through this output expense the Ministry provides social development leadership that contributes to the Ministry's strategic aim of leading social development. This is achieved through the provision of strategic social policy advice and through regional social development leadership.

Part C2 - Non-Departmental Output Expenses

Capacity Building Initiatives

This output expense provides resources to disadvantaged communities and individuals to enhance the skills, knowledge and services available, to better achieve their and the Government's aims for social development and employment.

This output expense includes:

- Talking Books for the Blind: Delivery and return of talking books for the blind and articles for the blind from the Foundation for the Blind to library members.
- Project K: Programmes and services that provide at risk Year 10 students with opportunities for positive change and self-empowerment.

Performance measures

- Talking Books: Delivery and return of 426,000 books and delivery of 6,000 articles.
- Project K: Up to 96 students will be supported.

Cost

This output expense will be provided within the appropriated sum of \$1.469 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	1,745	1,469
Total output class revenues	-	-

Significant provider

New Zealand Post for Talking Books for the Blind.

Children's Commissioner

The Children's Commissioner promotes children's welfare and best interests by the provision of individual and systemic advocacy. The diverse range of issues affecting children and young people requires the Children's Commissioner to work within and across government and non-government sectors. The Commissioner advocates for children in order to create improved outcomes for them and to enhance New Zealand's compliance with international conventions on children's rights.

Sections 12 and 13 of the Children's Commissioner Act 2003 provide the Commissioner's functions and objectives.

Summarised, the key functions of the Commissioner are:

- to investigate any decision or recommendation made, or any act done or omitted (other than a decision, recommendation, or act to which section 13(1)(a) applies), in respect of any child in that child's personal capacity
- to promote the establishment of accessible and effective complaints mechanisms for children and to monitor the nature and level of complaints
- to raise awareness and understanding of children's interests, rights, and welfare
- to undertake and promote research into any matter that relates to the welfare of children
- to act as an advocate for children's interests, rights, and welfare generally (except before any court or tribunal), and, in that regard, to advance and monitor the application of the Convention by departments of State and other instruments of the Crown
- to inquire generally into, and report on, any matter, including any enactment or law, or any practice or procedure, that relates to the welfare of children.

The Commissioner has the following functions in relation to the Children, Young Persons, and Their Families Act 1989:

- to investigate any decision or recommendation made, or any act done or omitted, under the Act in respect of any child or young person in that child's or young person's personal capacity
- to monitor and assess the policies and practices of Child, Youth and Family and to encourage the development, within CYF, of policies and services that are designed to promote the welfare of children and young persons.

The Act requires the Commissioner to engage with government and non government agencies to assist her to monitor compliance with policy and practice impacting on children. The Office builds strong relationships with key stakeholders such as children and young people, iwi Māori, Pasifika communities, children with special needs and has a direct input into policy making processes from a child rights perspective.

Performance measures

The Commissioner's performance measures are set out in the Statement of Intent. The 2006/07 Statement of Intent is the first such document prepared by the Office. The new performance standards are described below.

Performance Measure	Performance Standard 2006/07	Performance Standard 2005/06
<p>Quantity</p> <p>Outputs will be delivered in accordance with the work programme specified in the Children's Commissioner Output Agreement. Key Measures include:</p>		
<p>Leadership</p> <p>Ministerial meetings and briefings</p>	10	10
<p>Meetings of young peoples reference group</p>	Convene 6 meetings	Convene 6 meetings

Performance Measure	Performance Standard 2006/07	Performance Standard 2005/06
Monitoring and Investigation		
Commissioner visits to CYF sites and residences	12	12
Implement monitoring of the Memorandum of Understanding with CYF	As required	New measure
Awareness		
Respond to information and resource requests including UNCROC resources	650	650
Information, Research and Analysis		
UNCROC compliance review completed and findings disseminated	As required	New measure
Quality and Timeliness		
Quality and timeliness will be agreed with the Minister of Social Development and Employment and are defined in the Output Agreement		
Monitoring and Investigation		
Monitoring of CYF complies with standards established in the Memorandum of Understanding	Joint annual review of effectiveness of the Memorandum of Understanding	New measure

Cost

This output expense will be provided within the appropriated sum of \$1.757 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	1,762	1,757
Total output class revenues	-	-

Connected Communities

This output expense provides funding for services to strengthen community cohesion, participation and capability.

This output expense includes:

- Social service development for Refugee and Migrant groups: assisting the refugee/migrant sector develop and implement social services.
- Community Initiatives Fund: providing support for innovative social development projects run by community leaders that will make a real, tangible and measurable difference within communities.

Performance measures

Social service development for Refugee and Migrant groups:

- at least 90% of projects funded achieve contracted outputs within agreed timeframes

- at least 30 refugee and migrant community groups throughout the country are provided with assistance to develop the skills, knowledge and confidence they need to become fully functioning participants within their communities.

Community Initiatives Fund:

- at least 90% of outputs contained in the 2006/07 output plans are delivered within agreed timeframes.

Cost

This output expense will be provided within the appropriated sum of \$3.315 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	2,446	3,315
Total output class revenues	-	-

Families Commission

The Families Commission was established under the Families Commission Act 2003 to act as an advocate for all New Zealand families. The key functions of the Commission are to:

- encourage and facilitate informed debate on matters relating to the interests of families
- increase public awareness and promote better understanding of matters relating to the interests of families
- encourage and facilitate the development and provision of policies designed to promote or serve the interests of families
- consider any matter relating to the interests of families referred to it by any Minister of the Crown
- stimulate and promote research into any matter relating to the interests of families.

Performance measures

The full range of the Commission's performance measures are set out in its Statement of Intent. The key features can be summarised as follows.

Performance Measure	Performance Standard 2006/07	Performance Standard 2005/06
Quantity Work items will be delivered as specified in the work programme agreed with the Minister for Social Development and Employment.	Work items delivered in accordance with work programme	Work items delivered in accordance with work programme
Timeliness Work items specified in the work programme agreed with the Minister for Social Development and Employment will be delivered within agreed deadlines.	100%	100%

Quality

- Process: All work items will be delivered in accordance with the Commission's quality management system.
- Technical robustness: All research projects have met predetermined best practice criteria.
- Feedback: Positive feedback received from key stakeholders.

Cost

This output expense will be provided within the appropriated sum of \$8.170 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	7,459	8,170
Total output class revenues	-	-

Retirement Commissioner

The Retirement Commissioner provides the following services:

- encouragement of voluntary savings for retirement
- development, enhancement and promotion of the Sorted website
- monitoring the effects of retirement income policies and reviewing the policies every three years
- advice on retirement income issues
- monitoring of effectiveness of the Savings and Insurance, and the Banking Ombudsmen
- information collection and publication
- delivery of a public education campaign focusing on improving financial literacy and signalling the importance of personal savings.

The Retirement Villages Act requires the Commissioner to recommend approval of an industry Code of Practice, provide education programmes, and monitor the effect of the legislation.

Performance measures

Outputs will be delivered in accordance with the Purchase Agreement negotiated annually between the Minister for Social Development and Employment and the Retirement Commissioner.

Performance Measure	Performance Standard 2006/07	Performance Standard 2005/06
Quantity		
Average number of monthly visits to <i>Sorted</i> website	70,000 to 90,000	50,000 to 70,000
Average number of retirement income related calculations made on <i>Sorted</i> each month	60,000 to 90,000	60,000 to 90,000
Research and monitoring projects on retirement savings behaviour	4	4

Quality

Sorted users will be regularly surveyed over the views on the effectiveness of their site visits. Independent review panels will assess the appropriateness of the research projects. The effectiveness of education programmes will be measured.

Timeliness

Key dates as specified in the project plans will be met and reflect agreed priorities.

Cost

This output expense will be provided within the appropriated sum of \$6.527 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	5,044	6,527
Total output class revenues	-	-

Services for At-Risk Youth

This output expense purchases the services that aim to assist at-risk youth into employment and/or training and improve their social conditions.

The deliverables of the programme are to:

- assist participants into full-time employment
- develop sustainable employment pathways
- provide targeted education
- improve health outcomes
- reduce youth offending.

Performance measures

- the programme will be delivered annually to a minimum of 20 programme course participants
- at least 75% of the minimum participant numbers will have commenced either full-time paid employment or further training within eight weeks of completing the programme
- the effectiveness of the programme will be evaluated using both qualitative and quantitative assessment.

Cost

This output expense will be provided within the appropriated sum of \$543,000.

	2005/06 \$000	2006/07 \$000
Total output class expenses	543	543
Total output class revenues	-	-

Strong Families

This output expense provides funding for services to improve outcomes for families and their members, including services that provide general advice and information, and services that improve their resilience and safety. This output expense includes:

- Early Intervention initiatives, including:
 - funding for the Family Start programme which provides assistance to families with children aged up to five years whose family and social circumstances place their health, education and well-being at risk. The service helps families set goals for the future, assists them in developing a plan to meet those goals and then provides parenting education and in-home assistance to get them on the right track, and
 - a pilot of a universal parenting support service that builds on the core of Well Child health service.
- Initiatives to reduce violence and abuse in families, including:
 - education of, and provision of services to, older people suffering abuse and neglect, and
 - education and coordination of services for children witnessing violence.
- Budget Advice and Education: funding for the provision of budgeting services to families and individuals.
- SAGES - older people as mentors: funding for older people to deliver one-on-one home and life skills mentoring to families in need of assistance. Volunteers work with families to develop their skills in areas such as home management, cooking, budgeting and positive parenting.
- Preventive Services: funding for community-based service providers to support vulnerable families. This includes information and service provision as well as assisting families to access support. This funding transferred from Vote Child, Youth and Family Services on 1 July 2006.

Performance measures

Early Intervention initiatives

- Between 3,100 and 3,500 families will receive Family and Early Start services (see Note 1).
- Family Start services will be provided in at least 20 sites across New Zealand.
- 50 parents from the Auckland District Health Board area will take part in the initial Toddlers Without Tears trial being run by Well Child providers.

Initiatives to reduce violence and abuse in families

Elder abuse:

- Between 850 and 950 people will receive elder abuse and neglect prevention services.

Services for children witnessing violence:

- 20 child advocates based in NGOs will provide advice and consult with those working with children and their families.

Other initiatives

Budget advice and education:

- Between 80,000 and 120,000 people will receive budgeting advice and education.

SAGES - older people as mentors:

- Between 300 and 500 families and individuals in need will receive home and life skills mentoring.

Preventive services:

- Between 110,000 and 130,000 people will receive assistance from preventive services providers.

Cost

This output expense will be provided within the appropriated sum of \$47.379 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	21,692	47,379
Total output class revenues	-	-

Student Placement Services

This output expense purchases services from Student Job Search to place students in employment during holiday and term periods.

Performance measures

In 2006/07 Student Job Search will:

- connect students to at least 150,000 weeks of work through the placement of tertiary students in work over the period 1 October 2006 to 28 February 2007 (these placements will generate at least \$58 million in earnings for students)
- measure the number of weeks of work for men, women, Māori and Pacific Island students compared to their proportional representation among students
- confirm through an independently conducted client satisfaction survey that at least 80% of student clients are satisfied with the service they receive from Student Job Search
- provide that within the overall weeks of work target of 150,000 at least 80,000 will be generated that exceed 30 hours for 4 weeks. of this total, 50,000 will be in course related or skilled placements
- connect students to 80,000 weeks of work through the placement of tertiary students in work over the periods 1 July 2006 to 30 September 2006, and 1 March 2007 to 30 June 2007 (these placements will generate at least \$26 million in earnings for tertiary students).

Other information - Activity Monitors

Student Job Search and StudyLink will continue to:

- measure the number of placements (both in-term and over the summer period). Traditionally placements levels have been set at 25,000 placements over the summer period and 4,000 'skilled' placements in-term. Whilst not a key performance indicator itself, numbers of new enrolments and placements do provide a measure of transactions with tertiary students
- provide a breakdown of the number of individual students and their demographic characteristics within the weeks of work targets.

Cost

This output expense will be provided within the appropriated sum of \$3.512 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	3,512	3,512
Total output class revenues	-	-

Provider

Student Job Search.

Vocational Services for People with Disabilities

This output expense provides services that:

- increase participation of people with disabilities in employment, and
- increase participation of people with disabilities in their communities.

Services to increase participation of people with disabilities in employment:

These services are focused on placing and/or supporting people with disabilities in paid employment, including full-time or part-time work, temporary or casual work, or self-employment, with the same rights, conditions and obligations as other workers.

The aim of these services is to:

- Support people to gain and or retain employment, and/or
- Support people to acquire skills needed to obtain employment.

Employment programmes can include:

- Employment placement
- Supported employment
- Development of job search skills and work confidence
- Support to access careers information and guidance, and
- Time-limited work experience or skills training for the purpose of gaining employment.

Services to increase participation of people with disabilities in their communities:

These services are focused on enabling people with disabilities to participate in and contribute to the wider community.

The aim of these services is to:

- support people with disabilities to access and take part in the community, and/or
- support people with disabilities to develop skills to participate in the community.

Community participation programmes can include:

- voluntary work (note: voluntary work can also be an activity used as a stepping stone by a service focused on employment outcomes)
- active participation in activities, services and facilities that are part of the daily lives of New Zealanders
- support to people to achieve valued roles in the community (eg, student, team mate, colleague, volunteer worker, teacher, parent)
- activities that develop skills for daily living and participating in the community.

It is expected that providers will aim to ensure that:

- services provided are in accordance with the aspirations and needs of each participant
- participants have opportunities to interact with and develop relationships with the wider community (ie, activities are not segregated, there is meaningful interaction with people outside the programme), and
- the activities are valued by the community.

Community Participation may be an outcome in its own right when an individual is not seeking work; it may be a means of 'stair-casing' an individual towards employment; or it may complement employment (for example, when an individual is waiting for a supported employment placement and requires services to retain skills and motivation, or when a person is in part-time employment because of the nature of their impairment, and requires alternative services while not working to sustain their ability to work).

While the primary aim of these services is community participation, it is understood that vocational service providers may need to provide personal care for some participants while they are attending the programme, and that families/carers may receive some respite as a result of the person's participation. Also, while the funding is not available for services that focus on providing leisure and recreation programmes, individuals may be supported to take part in some leisure or recreational activities as part of their individual programme.

Pathways to Inclusion

These services will be provided in line with the following key strategies outlined in the Government document *Pathways to Inclusion: Improving Vocational Services for People with Disabilities*:

- Increasing the focus on employment.
- Encouraging and enhancing community participation.
- Ensuring services are responsive to the needs of all groups of people with disabilities; including those in rural areas.
- Improving transition into and out of these services.
- Improving job seeker access to mainstream services.
- Building sector capacity and quality.
- Assisting the sector to understand and cope with planned changes to legislation, in particular the proposed repeal of the Disabled Persons Employment Promotion (DPEP) Act 1960.

The changes are to be implemented over a transition period that is now due to finish on 30 June 2007.

Performance measures

Quantity

- at least 9,000 individuals will be placed in paid open employment in the 2006/07 year
- at least 20,000 individuals will receive a range of Vocational Services in the 2006/07 year.

The following measures will be reported:

- the volume of service being provided
- the volume of sheltered work hours being provided
- the level of participation in the community.

Quality

An independent review of the service quality of vocational services will be carried out in the 2006/07 year to ensure that these programmes or services are implementing *Pathways to Inclusion* and providing people with disabilities with activities that add value to their lives.

Cost

This output expense will be provided within the appropriated sum of \$83.580 million.

	2005/06 \$000	2006/07 \$000
Total output class expenses	80,327	83,580
Total output class revenues	-	-

Significant providers

Workbridge and IDEA Services.

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Other Unrequited Expenses

Accommodation Supplement

The Accommodation Supplement provides a 70% subsidy of housing costs that exceed 25% of the recipient's income (for renters or boarders) or 30% of the recipient's income (for homeowners), up to a set maximum amount. The level of assistance depends on the recipient's accommodation costs, income and assets, where the recipient lives and on his or her family size. A cash assets test also applies and, for non-beneficiaries, an income test.

Assistance for People Requiring Care

Assistance for People Requiring Care is a consolidation of four allowances - Home Help, Civilian Amputees, Clothing Allowance, and Community Costs Programme.

Home Help is available to families who require temporary part-time domestic help (such as housework, gardening or shopping) because of a domestic emergency, multiple births or other reason (other than for age, ill health or disability related reasons). It is subject to a means test except in multiple birth cases. Payment is made under the Home Help Programme which sets the hourly rate of payment, rate for holiday pay, and maximum periods of assistance that may be claimed. The hourly rate is indexed, on 1 April each year, to the percentage increase in the adult minimum wage. The holiday pay rate will increase from 6% to 8% on 1 April 2007. The payment is non-taxable (with the home helper responsible for paying tax on income earned).

The Civilian Amputees payment is made to assist people with travel and accommodation costs of attending a limb centre.

The Clothing Allowance is available to all recipients of a Residential Care Subsidy or Residential Care Loan. It is payable annually in April at a flat rate which is inflation adjusted each April in line with movements in the Consumers Price Index. Asset thresholds for Residential Care Subsidy are increased each year and more people are expected to become eligible as a result.

The Community Costs Programme was established on 1 April 2006. It provides financial assistance to people in certain short-term residential treatment programmes to meet essential costs in the community so that they are able to re-integrate into the community at the end of their treatment programme.

Benefits Paid in Australia

This appropriation is the result of the 1994 reciprocity agreement with Australia for the Australian Government to provide income support to New Zealanders who are resident in Australia and for New Zealand to reimburse the Australian Government for assistance provided. From 1 July 2002 the 1994 Agreement was terminated and the Social Welfare (Reciprocity with Australia) Order 2002 came into force. People eligible under the 1994 Agreement were 'grandparented'. Payments are non-taxable and are at an agreed level subject only to exchange rate and Australian consumer price index movements. Applications under the new Australian Social Security Agreement are paid from within the relevant parent benefit, primarily New Zealand Superannuation. Applying rules from 1 July 2002,

payments to new applicants are made in proportion to the number of working years the applicant spent in New Zealand.

Child Disability Allowance

Child Disability Allowance is a non-taxable allowance that is available to the principal caregiver of a dependent child who has a serious disability. The child must have a physical or mental disability, need constant care and attention because of that disability and be likely to need that care for more than 12 months. There is no income or asset test. The current rate of Child Disability Allowance is \$38.46 per week.

Childcare Assistance

Childcare Assistance is a non taxable income tested payment for childcare subsidy (0 to 4 years olds, or 0 to 5 if a child disability allowance is also payable) and for out of school care and recreation (OSCAR, 5 to 13 year olds, and 14 or older if a child disability allowance is also payable). The childcare subsidy aims to assist caregivers entering work or training, caregivers with a serious illness or disability, or caregivers whose dependent child or children have a serious illness or disability, by assisting with the cost of pre-school care. The OSCAR subsidy aims to assist caregivers to take up and remain in paid employment, by assisting with the cost of out-of-school care.

Childcare Subsidy is payable for up to 50 hours per week of attendance at an approved early-childhood programme where the caregiver is engaged in an approved activity such as employment or training, or up to 9 hours per week in most other cases. OSCAR is available for approved before and after school care for up to 20 hours per week and for up to 50 hours per week in approved holiday programmes. The caregiver must be participating in an approved activity such as employment or training.

Childcare Subsidy and OSCAR rates increased by 10% in October 2005. The maximum rate is currently \$3.31 per child per hour and all rates are inflation adjusted each April by movements in the Consumers Price Index. Income thresholds will increase by 9% to 13% in October 2006 and are adjusted whenever accumulated CPI movements surpass 5%.

Defence Force Allowance

The Defence Force Allowance is paid to uniformed New Zealand Defence Force (NZDF) personnel and civilians engaged in peacekeeping activities and operational deployments outside New Zealand. The non-taxable allowance is paid by the NZDF and reimbursed by the Ministry of Social Development.

Disability Allowance

Disability Allowance is available for the reimbursement of ongoing additional costs arising from a disability that is likely to continue for a minimum of six months. Disability Allowance is non-taxable and may be paid to persons receiving main benefits, and on an income-tested basis to New Zealand Superannuation and Veterans' Pension recipients and other low income earners. Disability Allowance only covers additional costs that are not funded, subsidised or provided by other agencies. The maximum rate payable for Disability Allowance is \$51.04 per week.

Disability Allowance Telephone Support

This is the Telephone Costs Payment programme (TCP) and was introduced on 1 April 1999. Clients in receipt of Disability Allowances (DA) granted for the payment of telephone rental current as at 31 March

1999 that were not genuine “additional costs” were transferred to TCP as they came up for review. The rate of payment is adjusted so the Telephone Cost Payment plus Disability Allowance does not exceed the maximum payment rate for Disability Allowance.

Domestic Purposes Benefit

The Domestic Purposes Benefit provides income-tested assistance for eligible sole parents, women alone and caregivers of a sick or infirm person. Net weekly rates paid range from \$175.91 per week for a single 16-year-old caring for a sick or infirm person up to \$285.57 per week for a sole parent caring for a sick or infirm person. The standard sole parent net rate is \$249.10 per week. The weekly amounts quoted are before Family Support payments. This appropriation is inclusive of tax. Debt establishments and overseas pension recoveries are deducted from parent benefit expenses, causing a reduction in the appropriation.

Family Start/NGO Study Awards

Family Start and NGO Study Awards pay for course fees that enable at least 50 Family Start employees each year to study for diploma or degree level qualifications, and at least 50 NGO staff each year to study for social work qualifications that meet the prerequisite educational qualifications for social worker registration. Payments are made to employers to assist in supporting the student to study, and fee payments are made directly to tertiary institutions.

Independent Youth Benefit

Independent Youth Benefit is for 16 and 17 year olds who are looking for work, training for work, in school or can not work due to sickness, injury, disability or pregnancy, and it is inappropriate for them to obtain financial support from their parents. Those attending secondary school can receive Independent Youth Benefit until the end of the year in which they turn 18. There is one rate of payment applying to both single and married or civil union recipients. The net weekly rate is currently \$144.92 per week. This appropriation is after deductions for debt establishments.

Invalids' Benefit

The Invalids' Benefit is paid to people who are medically assessed as having a permanent disability or illness (ie, one that will last for two years, or is expected to be terminal within that period) that prevents them regularly working 15 hours or more a week in open employment. They also qualify if they are totally blind. Invalids' Benefit is paid at a higher rate than other benefits, ranging from a net rate of \$175.91 per week for a single person aged 16 to 17 years to \$362.32 per week in total for a married or civil union couple (with and without children). A sole parent will receive \$285.57 net per week. This appropriation is inclusive of tax and is after deductions for debt establishments and overseas pension recoveries.

Merit Scholarships

Merit scholarships recognise and reward New Zealand's most academically capable under graduate and post-graduate level students. The scholarship provides a flat rate contribution toward tuition fees for full time study, for each year up to four years and regardless of age and subject. Students are required to maintain a B Grade average pass to continue to receive their scholarship. Following the completion of their qualification, scholarship recipients are bonded to remain in New Zealand for a period equivalent to the period of the scholarship paid. These non-taxable scholarships were introduced in the 2006 academic year.

New Zealand Superannuation

New Zealand Superannuation provides income for people who have reached the qualifying age of 65 and fulfil the residency requirements. New Zealand Superannuation is paid at a net rate of \$243.60 per week for a single person sharing accommodation, \$263.90 per week for a single person living alone and \$406.00 per week for a married or civil union couple. Any adjustment to the net weekly amount of New Zealand Superannuation payable to a married or civil union couple must not be less than 65% or more than 72.5% of the net average ordinary time weekly earnings. As part of the Government's Confidence and Supply Agreement with New Zealand First the lower bound is set to 66% for the term of the Agreement.

This appropriation is inclusive of tax and is after deductions for debt establishments. Expenditure includes full or partial payments made under reciprocal or portability agreements to New Zealand Superannuation clients now living overseas. Amounts received by clients from overseas pensions are deducted from this appropriation.

Orphans'/Unsupported Child's Benefit

Orphans' Benefit is paid to a person who is caring permanently (for 12 months or more) for a child whose parents are dead, cannot be found, or are suffering from serious long-term disability.

Unsupported Child's Benefit is paid to a person who is caring permanently (for 12 months or more) for a child whose parents are still living but, because of a breakdown in the family, are unable to care for the child or provide for the child's financial support. There is no income test on the carer's income.

The weekly rates of payment range from \$97.76 for a child under 5 to \$133.05 for a child aged 14 years old and over. This benefit is non-taxable.

Care Supplement Programme amounts are also payable under this appropriation. It is payable to former foster parents who continue to care for a child who has been discharged from foster care and for whom an Orphans' or Unsupported Child's Benefit is paid. Care Supplement payments range from \$16.29 (under 5 year olds) to \$30.62 (14 years old and over) per week.

Relocation Assistance

Relocation Assistance is paid as income support to victims of domestic violence and witness protection cases relocated overseas on the recommendation of the New Zealand Police. Relocation Assistance includes payments for travel, accommodation and ongoing living expenses. This results from July 2001 changes in the Australian Social Security Agreement that made recipients of this benefit ineligible for assistance from the Australian social security system. The new programme became operational on 1 January 2002. For persons relocated in Australia, non-taxable payments are administered by Centrelink (the Australian agency responsible for the payment of social security benefits) in return for reimbursement and administration charges.

Residential Social Rehabilitation Assistance

The Social Rehabilitation Assistance Programme provides financial assistance to help people resident in approved residential social rehabilitation programmes to pay the cost of their treatment or care in those programmes. The payment for Social Rehabilitation Assistance is paid direct to the social rehabilitation provider.

This Ministerial Welfare Programme was established to replace the practice of paying a 'maximised benefit' to residents of approved residential social rehabilitation programmes. To be eligible a resident must receive an income tested benefit, New Zealand Superannuation or Veteran's Pension and cannot receive Accommodation Supplement, Disability Allowance or Special Benefit at the same time. This programme is non-taxable.

Scholarship and NQF/NCEA Awards Sickness Benefit

Scholarship and National Qualifications Framework (NQF)/National Certificate of Educational Achievement (NCEA) Awards provide non-taxable monetary recognition to high performing students for excellence in the New Zealand Scholarship examinations and NQF/NCEA results.

Sickness Benefit

Sickness Benefit provides assistance to those who are willing to undertake work but are limited in their capacity to work due to sickness, injury or disability. Sickness Benefit is also available from the 27th week of pregnancy (earlier in certain circumstances). It is not a work-tested benefit.

Net weekly rates of payment range from \$115.94 for an 18 or 19 year-old living at home to \$289.84 for a married or civil union couple (with and without children). The sole parent rate is the same as for the Domestic Purposes Benefit. This appropriation is inclusive of tax. This appropriation is after deductions for debt establishments and overseas pension recoveries.

Special Annuities

Special Annuities are awards made by the government for various reasons and are not covered by legislation. Annual government approval is needed for their continued payment. Special Annuities are administered by the Secretary for War Pensions. The processing of payments is carried out by War Pension Services, Ministry of Social Development. Special Annuities are non-taxable.

Special Benefit

Special Benefit provides assistance to clients whose particular financial circumstances and commitments are causing them financial hardship. Special Benefit is available to beneficiaries and low income earners.

Although there is no time limit on Special Benefit, it is not intended as a long-term solution to a client's financial shortfall. It is instead paid to help clients meet essential costs while they make efforts to reduce their commitments and live within their usual income. This benefit is non-taxable.

Special Benefit will be replaced by Temporary Additional Support for applications received from 1 April 2006. Current recipients as at 31 March 2006 will continue to receive Special Benefit until they no longer qualify for it.

Special Needs Grants

The Special Needs Grant appropriation includes non-recoverable Special Needs Grants and Funeral Grants. Non-recoverable Special Needs Grants assist people who have an immediate and essential need or emergency and have no other means of paying for it. Funeral Grants provide financial assistance towards actual and reasonable funeral expenses. Income and asset tests apply to both components. Financial assistance can also be provided through Special Needs Grants such as the Rural

Sector Assistance Programme, which assists farmers who are unable to meet living expenses because of natural disasters. These grants are non-taxable.

Special Transfer Allowance

Special Transfer Allowance provides assistance with accommodation costs to recipients of the Special Transfer Allowance prior to November 2000 and to former Tenure Protection Allowance recipients who have had their present house sold to a private landlord by Housing New Zealand Corporation. Tenure Protection Allowance ceased to exist with the introduction of the Income Related Rental Subsidy in November 2000. This allowance is non-taxable.

Step Up Scholarships

The Step Up Scholarships are for students from low income backgrounds who are studying approved full-time tertiary degree courses in the area of science, technology, human or animal health. There is a bonding condition that recipients will need to remain in New Zealand for three or four years (depending on the length of their course) following the completion of their qualification. This scholarship is non-taxable.

Student Allowances

Student Allowances are governed by the Student Allowance Regulations 1998, and are paid to assist eligible students with their living expenses while they undertake full-time study.

In general, a student is eligible for a Student Allowance if he or she is:

- a New Zealand citizen or permanent resident of New Zealand
- enrolled in a full-time course/programme recognised for student allowance purposes by the Tertiary Education Commission
- aged 18 or over if undertaking secondary or tertiary study (under certain circumstances 16-17 year old students may be eligible), and
- meets certain income tests.

From 1 January 2006 the parental income threshold increased. Students are now able to earn up to \$180 gross per week before their Student Allowance rates are affected. Any income over \$180 per week results in the before tax Student Allowance being abated dollar for dollar. Also from 1 January 2006, the combined parental income reduction for each second and subsequent supported full-time student increased from \$2,200 per year to \$7,000. An additional reduction was introduced to recognise parents who live in separate households. This reduction is \$3,400 per year.

The range of Student Allowance rates varies from \$115.94 after tax per week for a single student under 25 living at home, to \$289.84 for a student with a dependent spouse. The rates of allowance that students are paid vary according to their individual circumstances:

- Allowances payable to single students aged under 25 years are targeted on the taxable income of both parents and include an “at home” or “away from home” rate depending on the student’s living circumstances.
- Allowances payable to single students aged 25 or over are not targeted on parental income but do include an “at home” or “away from home” rate depending on the student’s living circumstances.
- Rates to sole parents with children are the same as for the Domestic Purposes Benefit.

Included as part of this appropriation is the Student Allowance Transfer Grant Programme that commenced on 1 October 2002. It pays a non-taxable amount to a student with a dependent (spouse or child) who would otherwise suffer hardship during the stand-down period while transferring from a student allowance to a working-age benefit. The amount payable is equal to one week of the net benefit amount (after abatement) and after deducting any other payment made.

Teach NZ Scholarships

Teach NZ Scholarships assist with study to become an early childhood education teacher, a Māori medium teacher or a teacher of specific secondary subjects. Scholarship recipients have fees paid, and full time students receive an additional \$10,000 non-taxable allowance for costs. Scholarship recipients are bonded to teach in New Zealand for a period equivalent to the period of assistance.

Temporary Additional Support

Temporary Additional Support was announced as part of the Working for Families package in Budget 2004. From 1 April 2006 Special Benefit was closed to new applications and replaced by Temporary Additional Support. Eligibility for the new benefit broadly follows the criteria used for Special Benefit.

Decisions on eligibility for Temporary Additional Support are governed by clear rules, whereas there is a high level of discretion in the administration of Special Benefit. The new assessment method aims to be easier to administer and to understand.

People receiving a Special Benefit on 31 March 2006 will continue to receive this benefit until it is cancelled at review. Temporary Additional Support is non-taxable.

Training Incentive Allowance

Training Incentive Allowance provides non-taxable assistance to clients receiving certain types of benefits to undertake employment related training that will improve their skills and increase their chances of getting work. To be able to receive a Training Incentive Allowance, a client must:

- be receiving a qualifying benefit, and
- be enrolled in a course that must be approved employment related training and provided by a Private Training Establishment that is both registered and accredited by the NZQA or provided by an institution as defined in the Education Act 1989.

Training Incentive Allowance is paid up to a maximum of \$88.20 for each week of the course, subject to an annual maximum of \$3,528 per annum. Training Incentive Allowance also includes provision for payments made under the Teen Pilot Project. These provide financial assistance to some teenage parents to cover childcare costs to enable the parent to attend secondary education.

Transition to Work

Transition to Work is intended to assist beneficiaries to move into employment. It consists of four components: New Employment Transition Grants, Pathways Payments, Seasonal Work Assistance and the Employment Transition Programme.

New Employment Transition Grants provide payments to clients with a dependent child or children during the first six months that their benefit is stopped due to gaining employment. A payment can be made when the client is unable to work because they, their partner or dependent children becomes sick or

because of a breakdown in childcare arrangements. Prior to 1 July 2002 this was paid as a Special Needs Grant.

The Pathways Payment Programme was introduced from 1 July 2002 and may be made to clients who have been on benefit for at least 12 months and who have a dependent child or children. If clients produce evidence that they are leaving benefit for employment, they can receive a non-taxable lump sum payment of twice the amount of the parent benefit they received in the week prior to cancellation. They may also receive a debt repayment suspension for three months.

The Seasonal Work Assistance Programme pays a specified non-taxable weekly amount. It was introduced in July 2002 and provides assistance to people in low-income seasonal employment who cannot work and lose income due to adverse weather conditions. Eligibility is restricted to those who were eligible for the previous Seasonal Assistance Provisions, eg, seasonal horticultural workers.

The Employment Transition Programme pays an income adjustment to Invalid's Benefit recipients who have completed an Employment Trial (this is when a person on Invalid's Benefit can work 15 hours or more in open employment for an agreed period of up to six months without losing eligibility to Invalid's Benefit) and who would otherwise experience a drop in income when they lose eligibility to Invalid's Benefit at the end of the trial.

Transitional Working for Families Supplement

The Transitional Working for Families Supplement commenced on 1 October 2004 as part of the Working for Families package. It provides for supplementary assistance so that beneficiaries and non-beneficiaries who may be otherwise unintentionally financially disadvantaged by changes introduced as part of the package will be no worse off. This supplementary non-taxable payment will cease on 30 June 2008.

Unemployment Benefit

The Unemployment Benefit is available for people who are not in full-time employment but are looking for and available for work. It is a work-tested benefit. Net weekly rates paid range from \$115.94 for an 18 or 19 year-old living at home to \$289.84 for a married or civil union couple (with or without children). The sole parent rate is the same as for the Domestic Purposes Benefit.

Included in this appropriation is Emergency Benefit which is payable to people who are suffering hardship, are unable to earn a sufficient livelihood and cannot receive any other benefit.

This appropriation is inclusive of tax. This appropriation is after deductions for debt establishments and overseas pension recoveries.

Widows' Benefit

Widows' Benefit provides support to women whose partners have died. Net weekly rates paid range from \$181.16 for a woman living alone to \$249.10 for a sole parent. The weekly amounts quoted are before Family Support payments. This appropriation is inclusive of tax and is after deductions for debt establishments and overseas pension recoveries.

Part D3 - Other Expenses

Bad Debt Provisions

This appropriation records all bad debt provisions and write-offs that result from the need to value Crown debt administered by the Ministry of Social Development (MSD) at the likely recovery value in accordance with generally accepted accounting practice. The main components of Crown debt are Student Loans and Beneficiary Overpayments.

MSD administers the Student Loan payments and transfers the loan balance to the Inland Revenue Department (IRD) in April each year for collection. The bad debt provision for Student Loans makes up the majority of the appropriation.

Community Labour Market Development Assistance

This appropriation assists disadvantaged communities and groups to recognise and develop their own labour market initiatives and to use their assets to create employment opportunities that lead to self sufficiency and contribute to the local economy. Grants are only available to legally incorporated non-profit entities and communities.

Employment Assistance

This appropriation provides assistance for disadvantaged job seekers to become work ready and to enter and retain paid employment. Examples include:

- assistance to address specific barriers to paid employment
- industry related training that directly links the job seeker to employment
- work experience opportunities for long-term job seekers through projects of benefit to the community. Additional financial assistance may be provided to Job Seekers to meet costs associated with attending work experience opportunities
- wage subsidies to help long-term and disadvantaged job seekers into permanent employment
- subsidies to provide full-time work experience opportunities which are environmentally based and of benefit to the community
- subsidies to assist job seekers who are establishing business opportunities.

Out of School Care Programmes

This appropriation provides assistance to providers of Out of School Care and Recreation (OSCAR) programmes. This assistance includes:

- development grants: a one-off grant payable to providers to assist with costs associated with setting up new OSCAR programmes or gaining Child, Youth and Family approval for their programmes
- assistance grants: an annual contestable grant payable to providers of CYF-approved OSCAR programmes to assist with their operating costs
- advice and support: funding for field workers to advise and support providers to maintain and enhance the quality provision of OSCAR services.

Suspensory Loan Abatement

Suspensory loans issued under the provisions of the Disabled Persons Community Welfare Act 1975 are abated each month at the rate of 1/60th of the initial loan amount, provided a client's circumstances do not change. If the client's circumstances change, the outstanding balance of the loan becomes repayable. The loan abatement is treated as an expense by the Crown. The loans which are currently abating were mostly approved prior to 1 July 1995, prior to the transfer of these appropriations to Vote Health. Suspensory loan abatements are now a negligible expense to the Crown, as most suspensory loans have matured.

Part E - Explanation of Capital Flows

Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Ministry of Social Development	Estimated Actual 2005/06 \$000	Projected 2006/07 \$000	Explanation of Projected Movements in 2006/07
Opening Balance	112,559	112,559	
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	182,836	Transfer of net assets from the Department of Child, Youth and Family Services to the Ministry of Social Development
Closing Balance	112,559	295,395	

Part E2 - Statement of Estimated and Forecast Net Worth of Entities Owned

	Balance Date	Estimated Net Worth 2006 \$000	Forecast Net Worth 2007 \$000
Crown Entities:			
NZ Artificial Limb Board	30 June	5,920	5,670
Children's Commissioner	30 June	500	500
Retirement Commissioner	30 June	905	350
Families Commission	30 June	4,050	2,800
Social Workers Registration Board	30 June	150	200

Part E3 - Explanation of Appropriations for Capital Expenditure

Community Services Card reimbursement

This appropriation provides reimbursement for low-income earners who are eligible for, but yet to receive, a Community Services Card. In some cases payment is made where the card was temporarily lost.

Recoverable Assistance

This consists of payments made under Recoverable Advance Payment of Benefit, Recoverable Special Needs Grants and the Recoverable Assistance Programme. If a person receiving a benefit or pension requires assistance to meet a particular need, then the Chief Executive of the Ministry of Social Development has the authority to advance up to a maximum of six weeks of that person's net benefit or pension entitlement and recover the advance from subsequent instalments. The person must be able to identify a particular immediate need. The need must be for an essential item or service. Consideration must be given to whether an advance would best meet the immediate need, including investigating other sources of assistance and the person's ability to repay the advance. Similar interest free assistance is available for low-income non-beneficiaries through the Recoverable Assistance Programme. The Special Needs Grant programme also provides recoverable assistance for ACC health travel, people on a benefit

stand-down, and the accommodation portion of re-establishment grants. An income and asset test applies to the Special Needs Grant and Recoverable Assistance programmes.

Student Loans

The appropriation provides for the payment of loans to students undertaking studies at approved tertiary institutions to assist with fees, course-related expenses and living costs. Course-related expenses and living costs are subject to maximum amounts per loan account per annum. These loans are repayable at a set rate on income earned over a set threshold. From 1 April 2006 no interest is charged on outstanding loans provided the borrower continues to live in New Zealand.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2005/06		2006/07	Description of 2006/07 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Non-Tax Revenue				
Interest Revenue	12	12	12	Provision to record the repayment of interest on Major Repair and Advances.
Maintenance Capitalisation	(600)	(600)	(488)	Provision to record the establishment of maintenance owing to the Crown. The negative revenue is the result of maintenance debt being suspended rather than collection pursued, due to court order or payee request.
Student Loan - Accumulated Interest	50,746	50,746	-	Provision to record interest charged on Student Loans between the date the advance is made and the date the loan is transferred to the Inland Revenue Department. Interest is now written off before the Student Loan balance is transferred to the Inland Revenue Department.
Student Loan - Administration Fee	7,924	7,924	8,471	Provision to record the administration fee charged when a Student Loan facility is first drawn down.
Total Non-Tax Revenue	58,082	58,082	7,995	
Capital Receipts				
Benefit Recoveries - Current Debt	193,158	193,158	194,470	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that a current beneficiary was not entitled to receive.
Benefit Recoveries - Liable Parent Contributions	2,913	2,913	2,401	The recovery of liable parent contribution arrears from non-custodial parents.
Benefit Recoveries - Non-Current Debt	75,379	75,379	75,525	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that a former beneficiary was not entitled to receive.
Community Services Card Recoveries	216	216	157	The recovery from Vote Health of advances for medical expenses made to low-income earners who are eligible for, but yet to receive, a Community Services Card.
Overseas Pension Recoveries	144,396	144,396	178,222	Reimbursement from the United Kingdom, Australia, the Netherlands and Ireland via the Special Banking Option for payments made under the reciprocal agreements.
Student Loans - Repayment of Principal	64,429	64,429	74,362	Repayment of Student Loans made prior to the loans being transferred to the Inland Revenue Department.
Total Capital Receipts	480,491	480,491	525,137	
Total Crown Revenue and Receipts	538,573	538,573	533,132	