

VOTE *Social Development*

Social Development

Overview

Departmental Appropriations

Departmental appropriations sought for Vote Social Development in 2007/08 total \$718.593 million. This is intended to be spent as follows:

- \$337.180 million (47% 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.
- \$230.297 million (32% of departmental appropriations in this Vote) on services to assist people into employment.
- \$79.802 million (11.1% of departmental appropriations in this Vote) on specialised services, including services for students, seniors and the administration of community services cards.
- \$28.638 million (4% of departmental appropriations in this Vote) on leadership and co-ordination services to support and strengthen families communities and whānau.
- \$42.676 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 2007/08 total \$15,635.965 million (GST exclusive). This is intended to be spent as follows:

- \$165.791 million on services from other organisations including the provision of employment support for people with disabilities (\$85.911 million) and services to improve outcomes for families (\$62.310 million).
- \$15.674 million purchasing services from the Children's Commissioner, the Retirement Commissioner and the Families Commission.
- \$7,291.622 million for New Zealand Superannuation to approximately 505,900 New Zealanders.
- \$435.604 million for Student Allowances and other student related payments to approximately 33,100 New Zealanders.
- \$5,637.716 million for other benefits and unrequited expenses:
 - Unemployment Benefit (\$497.339 million) to approximately 35,600 working age New Zealanders.
 - Domestic Purposes Benefit (\$1,456.234 million) to approximately 95,700 working age New Zealanders.
 - Invalid's Benefit (\$1,201.420 million) to approximately 79,300 working age New Zealanders.
 - Accommodation Supplement (\$908.605 million) to approximately 251,500 New Zealanders.

- Sickness Benefit (\$607.636 million) to approximately 49,500 working age New Zealanders.
- Other social security benefits (\$966.481 million).
- \$705.923 million for other expenses to be incurred by the Crown, including Employment Assistance (\$85.468 million) and Debt Write-downs (\$596.115 million).
- \$1,383.634 million for capital expenditure, including:
 - Student Loans (\$1,268.406 million) to approximately 186,200 New Zealanders.
 - Recoverable Assistance to low-income households (\$115.058 million).

The Ministry expects to collect \$89.107 million of Crown revenue and \$527.208 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

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
FACS	Family and Community Services
IRD	Inland Revenue Department
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
SJS	Student Job Search
TCP	Telephone Costs Payment Programme
UNCROC	United Nations Conventions on the Rights of the Child

Footnotes

Note 1	A newly appointed Reference Group is much younger. A reduction in the number of meetings takes into account the schooling commitments of the Reference Group members.
Note 2	A change to the Commission's process for monitoring Child Youth and Family Services (CYFS) will result in contact with local agencies who regularly interact with CYFS. This will result in fewer visits to site but a more indepth analysis of CYFS performance.

Minister Portfolio Table

63	Minister for Social Development and Employment
----	--

Social Development

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 and sub-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. 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 to ensure 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.

Outcome area	Outcome statement
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.
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.

The Ministry of Social Development's outcomes also contribute to the following Votes:

- Vote Child, Youth and Family Services
- Vote Youth Development
- Vote Senior Citizens
- Vote Veterans' Affairs

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	Working Age People <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	Working Age People <ul style="list-style-type: none"> • people receive their correct entitlement to social assistance.
Family and Community Services	Families and Whānau <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.

Departmental Output Expenses	Outcomes
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.
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 2007/08 include:

Supporting people into work and making work pay

- Continue to implement phase 1 of the Working New Zealand: Work Focused Support Package and develop options for phase 2 of the package.
- Continue to deliver 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.
- 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 and partnerships to increase opportunities for people to participate in sustainable employment.

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

- Develop and strengthen early intervention, care and protection and prevention initiatives to improve the wellbeing of children, young people and their families.
- 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.
 - Build the capability and capacity of the Non Government Organisation (NGO) sector.

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

Continue to develop policy to support the introduction of a SuperGold card for seniors.

- Continue to implement the Government's policy to set the New Zealand Superannuation rate at 66% of the net average wage.
- Continue to review portability arrangements for people receiving New Zealand Superannuation overseas.
- Provide comprehensive, co-ordinated and seamless information and services for older people.

Strengthening Social Development Leadership

- Publish The Social Report 2007.
- Continue to co-ordinate the Government's responses to the Families - Young and Old theme at an agency level, which with Government's other themes aims to transform New Zealand into a high-income, knowledge-based economy that provides a unique quality of life to all New Zealanders.
- Organise a series of Social Development Forums to engage government and non-government stakeholders in discussions on critical social issues.

- Strengthen the evidence base of the social sector through conducting research and evaluation and sharing knowledge of what works and what works best.
- Lead and co-ordinate a range of government strategies to improve the lives of New Zealanders.

Part A2 - Trends in Vote

Introduction

Vote Social Development is in its sixth year of existence. It was formed by amalgamating Vote Work and Income and Vote Social Development Policy.

From 1 July 2007, the structure of benefits and other unrequited expenses appropriations in Vote Social Development will change. Four benefits and other unrequited expenses appropriations will cease to be separate appropriations and will be combined into a single new benefit and other unrequited expense appropriation in Vote Social Development called Ministerial Welfare Programmes Providing Specialist Types of Assistance. The four appropriations are Assistance for People Requiring Care, Disability Allowance Telephone Support, Relocation Assistance and Residential Social Rehabilitation Assistance. There will also be a name change for the Transitional Working for Families Supplement to Transitional Supplement.

The benefit and other unrequited expense appropriation Defence Force Allowance was transferred to Vote Defence Force with effect from 18 March 2007.

Output Trends 2002/03 to 2007/08

Departmental and non-departmental outputs

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.

Departmental output expenses increased by \$22.369 million between 2006/07 and 2007/08 mainly because of additional funding for Working New Zealand.

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).

Non-departmental outputs increased by \$25.840 million between 2006/07 and 2007/08. The main reasons for this were the transfer of contract management for Children's Health Camps from Vote Health (\$12.183 million) and new initiatives funding of \$9.748 million for the Pathways to Partnership initiative.

Benefits and other unrequited expenses

Benefits and other unrequited expenses appropriations are estimated to increase to \$13,364.943 million in 2007/08 from \$11,743.189 million in 2002/03. 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 2007/08 is \$5,637.716 million, a decrease of \$75.696 million compared with expenditure of \$5,713.412 million in 2002/03.

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 \$908.605 million in 2007/08, compared with \$705.983 million in 2002/03. The number of Accommodation Supplement recipients is estimated to be 251,500 in 2007/08, compared to 260,500 in 2002/03.

Between 2002 and 2004, the number of recipients fell in line with falling levels of Unemployment Benefit, 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 changes on 1 April 2005. These have resulted in additional Accommodation Supplement recipients, particularly non-beneficiaries, and higher payment rates per recipient.

Expenditure is projected to increase in 2007/08 in line with an estimated increase in housing costs.

Childcare Assistance

Annual expenditure is estimated at \$130.240 million in 2007/08, more than double the \$55.158 million in 2002/03. About 60% of this growth is owing to more subsidised children and about 20% to accumulated cost of living adjustments. The average number of children for whom a childcare assistance subsidy was paid increased from 23,900 in 2002/03 to 27,200 in 2004/05. 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. Since the introduction of Working for Families there have also been additional increases in the hourly subsidy in October 2005 and income thresholds in

October 2006. The average number of children for whom a subsidy was payable grew to 33,900 in 2005/06 and is projected to average 36,700 in 2007/08.

Disability Allowance

Annual expenditure increased to \$266.992 million in 2004/05 from \$240.705 million in 2002/03, before decreasing to \$260.791 million in 2005/06. Expenditure is projected to increase to \$279.035 million in 2007/08.

The number of Disability Allowance recipients increased to 233,900 in 2004/05 from 214,900 in 2002/03, before decreasing to 228,800 in 2005/06. The number of recipients is projected to increase to 234,800 in 2007/08.

Most of the growth in Disability Allowance recipient numbers between 2002/03 and 2004/05 was due to an increasing proportion of New Zealand Superannuation recipients accessing the allowance. Increases in the number of Invalid's Benefit and Sickness Benefit recipients also contributed to Disability Allowance growth between 2002/03 and 2004/05.

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

Expenditure started 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.

About 20% of the change in expenditure between 2002/03 and 2007/08 is estimated to result from accumulated CPI adjustments to the maximum rate.

Expenditure is estimated to continue to increase in 2007/08 due to increases in the estimated number of New Zealand Superannuation and Invalid's Benefit recipients.

Domestic Purposes Benefit

Annual expenditure is estimated to decrease to \$1,456.234 million in 2007/08 from \$1,519.785 million in 2002/03. The number of recipients averaged 109,800 (including 108,900 working age recipients) during 2002/03 and is estimated to average 96,400 in 2007/08 (including 95,700 working age recipients). The number of recipients has declined since 2003/04, which, together with the April 2005 transfer of the child component of the sole parent benefit rate to family tax credit, more than offset the increases caused by accumulated inflation adjustments to benefit rates.

Invalid's Benefit

Annual expenditure is estimated to increase to \$1,201.420 million in 2007/08, up from \$914.277 million in 2002/03. The number of Invalid's Benefit recipients is projected to increase to 81,100 (including 79,300 working age recipients) in 2007/08 from 66,800 (including 65,500 working age recipients) in 2002/03. The rate of growth reduced over 2002 to 2006, with signs of levelling out at a constant rate of growth in 2007. More than half of the expenditure increase between 2002/03 and 2007/08 is due to accumulated inflation adjustments to benefit rates.

New Zealand Superannuation

Annual expenditure is estimated to increase to \$7,291.622 million in 2007/08 from \$5,642.411 million in 2002/03. The number of New Zealand Superannuation recipients is estimated to be 505,900 in 2007/08, up from 453,600 in 2002/03. 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 about two-thirds of the increase in expenditure between 2002/03 and 2007/08. This includes the effect of the 66% wage floor, which increases rates of payment from 1 April 2007.

Sickness Benefit

Annual expenditure is estimated to increase to \$607.636 million in 2007/08 from \$420.618 million in 2002/03. The number of Sickness Benefit recipients is estimated to increase to 50,000 (including 49,500 working age recipients) in 2007/08 from 38,300 (including 37,800 working age recipients) in 2002/03. Accumulated inflation adjustments account for over 40% of the 2002/03 to 2007/08 expenditure increase.

Special Benefit

Annual expenditure in 2002/03 was \$82.408 million, and is estimated to decrease to \$66.773 million in 2007/08 after peaking at \$175.177 million in 2004/05. There were 25,700 Special Benefit recipients on average during 2002/03. The number of recipients reached a peak in January 2005 at 57,800. The number of recipients and expenditure had both been increasing for Special Benefit since May 2000, associated with increased awareness of third-tier assistance and Work and Income ensuring full and correct entitlement.

The Working for Families package raised amounts paid through the Accommodation Supplement (October 2004 and April 2005) and via the Family Tax Credit (April 2005), reducing demand for Special Benefit.

Since 1 April 2006 Special Benefit is gradually being replaced by Temporary Additional Support. People who were receiving a Special Benefit on 31 March 2006 are having their entitlement grandparented until they no longer qualify.

Student Allowances

Annual expenditure decreased from \$387.366 million in 2002/03 to \$354.132 million in 2005/06, and is projected to increase to \$401.794 million in 2007/08. 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 56,500 in 2002/03. The fall in the number of Student Allowance recipients is mainly due a reduction in the number of enrolments. Also, favourable labour market conditions have led to low up take by those students that are eligible for small abated allowances. The increase in expenditure in 2007/08 follows a halt to the declining number of recipients during 2006/07 and a projected rise in the number of recipients during 2007/08, in line with policy changes. In January 2006 an increase to personal income thresholds and a new abatement scheme started. In January 2007 the lower parental income threshold was raised by 10%. In January 2008 the parental income threshold will be raised further by 10%.

Temporary Additional Support

Temporary Additional Support began on 1 April 2006 as part of the Working for Families package. Annual expenditure is estimated to increase from \$27.732 million in 2006/07 to \$48.190 million in 2007/08. This is mainly caused by an increasing number of recipients.

Unemployment Benefit

Annual expenditure is estimated to decrease to \$497.339 million in 2007/08 from \$1,273.811 million in 2002/03. The number of Unemployment Benefit recipients is estimated at 41,400 (including 35,600 working age recipients) in 2007/08 down from 125,600 (including 120,500 working age recipients) in 2002/03. The downward trend in the number of recipients is due to both Work and Income initiatives and strong economic and employment growth over the period. 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 and from 1 July 2007 the name of the Bad Debt Provisions appropriation changed to Debt Write-downs.

Other expenses to be incurred by the Crown decreased 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.

Other expenses to be incurred by the Crown are projected to decrease by \$40.778 million from 2006/07 largely as a result of a decrease of \$38.742 million in Debt Write-downs.

Capital expenditure

Departmental

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 2007/08 expenditure is projected to be \$1,268.406 million compared with \$951.944 million in 2002/03. Between 2002/03 and 2004/05 numbers of loan accounts grew steadily, in line with the strong growth in tertiary enrolments. After a 1.7% decrease in the 2005 academic year, the number of loan borrowers increased by 8.4% in the 2006 academic year and is projected to increase by a further 8.7% in 2007. This mainly reflects 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.

Current Crown revenue now includes the interest unwind on Student Loans and Benefit Debt. This is a technical accounting change arising from the Government's decision to adopt International Financial Reporting Standards from 1 July 2007. The forecast level of Crown revenue in 2007/08 is \$89.107 million.

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 \$460.220 million in 2002/03 to a forecast amount of \$527.208 million in 2007/08. 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)				
		2006/07	2007/08	2008/09	2009/10	2010/11
Early Years: Giving Children the Best Start in Life	Departmental Output Expense - Family and Community Services	-	88	114	-	-
	Policy and Purchase Advice	-	40	-	-	-
	Non-Departmental Output Expense - Strong Families	(2,485)	755	1,488	-	-
Family Violence - Whānau Violence Prevention Best Practice Initiatives	Departmental Output Expense - Family and Community Services	-	2,000	-	-	-
Increasing Financial Support for Caregivers Receiving Unsupported Child's Benefit/Orphan's Benefit	Benefits and Other Unrequited Expenses - Orphan's/Unsupported Child's Benefit	1,573	6,505	6,851	7,157	7,157
Implementing a "Golden Age" Card	Departmental Output Expense - Services to Seniors	1,950	2,725	1,210	1,210	1,210
Out of School Services Five-Year Action Plan: Revised Recommendations	Departmental Output Expenses - Policy and Purchase Advice	-	630	535	335	335
	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	-	210	210	315	315
	Other Expenses to be Incurred by the Crown - Out of School Care Programmes	-	1,009	3,240	3,311	3,250
Pathways to Partnership: Strengthening the Child and Family Services Sector	Departmental Output Expense - Family and Community Services	-	452	452	-	-
	Non-Departmental Output Expense - Connected Communities	-	9,748	9,748	-	-
	Other Expenses to be Incurred by the Crown - Community Labour Market Development Assistance	(3,000)	-	-	-	-
	Employment Assistance	(15,400)	-	-	-	-
	Out of School Care Programmes	(2,000)	-	-	-	-
Retirement Village Dispute Panel Functions and Registration Fees	Non-Departmental Output Expense - Retirement Commissioner	(95)	(105)	(105)	(105)	(105)
Setting New Zealand Superannuation and Veteran's Pension Rates at 66% of the Net Average Wage	Benefits and Other Unrequited Expenses - New Zealand Superannuation	22,921	93,791	90,098	56,667	4,157
	Disability Allowance	20	78	78	78	78
SuperGold Card	Departmental Output Expense - Services to Seniors	-	1,000	-	-	-

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11
Working New Zealand Phase One: Work Focused Support	Departmental Output Expenses - Policy and Purchase Advice	752	-	-	-	-
	Services to Minimise the Duration of unemployment and Move People into Work	1,292	-	-	-	-
	Services to Provide Benefit Entitlements to Working Age Beneficiaries and to Promote Self Sufficiency	10,821	-	-	-	-
	Services to Seniors	1,600	-	-	-	-
	Services to Students	1,065	-	-	-	-
	Benefits and Other Unrequited Expenses - Training Incentive Allowance	(6,230)	-	-	-	-
Working New Zealand: Work-Focused Support:Support and Services	Departmental Output Expenses - Policy and Purchase Advice	-	1,791	1,244	504	297
	Services to Minimise the Duration of Unemployment and Move People into Work	-	5,852	5,069	5,075	5,075
	Services to Provide Benefit Entitlements to Working Age Beneficiaries and to Promote Self Sufficiency	-	13,505	10,284	9,577	9,577
	Services to Seniors	-	327	-	-	-
	Services to Students	-	175	-	-	-
	Benefits and Other Unrequited Expenses - Domestic Purposes Benefit	124	455	527	542	545
	Independent Youth Benefit	-	(133)	(136)	(137)	(137)
	Invalid's Benefit	3,168	13,097	13,221	13,496	13,762
	Sickness Benefit	174	(426)	(485)	(549)	(549)
	Special Needs Grant	-	6,995	-	-	-
	Transition to Work	1,000	7,125	8,267	8,318	8,322
	Unemployment Benefit	(2,857)	(16,766)	(17,180)	(17,706)	(17,979)
	Widow's Benefit	7	42	43	44	44
Other Expense to be Incurred by the Crown - Employment Assistance	(1,000)	(6,000)	(6,000)	(6,000)	(6,000)	

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11
Annual adjustment of student allowance personal income abatement threshold	Departmental Output Expense - Services to Students	-	10	-	-	-
	Benefits and Other Unrequited Expenses - Accommodation Supplement	-	1	2	2	2
	Student Allowances	-	136	262	233	231
	Unemployment Benefit	-	5	10	10	10
	Other Expenses to be Incurred by the Crown - Debt Write-downs	-	(15)	(29)	(26)	(26)
	Capital Expenditure - Student Loans	-	(37)	(71)	(63)	(62)
Expansion and Redesign of Step Up Scholarships	Departmental Output Expense - Services to Students	-	718	493	503	527
	Benefits and Other Unrequited Expenses - Step Up Scholarships	-	1,434	2,037	4,524	5,535
	Other Expenses to be Incurred by the Crown - Debt Write-downs	-	(535)	(760)	(1,687)	(2,064)
	Capital Expenditure - Student Loans	-	(1,291)	(1,833)	(4,072)	(4,982)
Increasing the Student Allowances parental income threshold by 10%	Departmental Output Expense - Services to Students	-	122	114	116	119
	Benefits and Other Unrequited Expenses - Accommodation Supplement	-	48	98	101	103
	Student Allowances	-	2,351	4,921	5,121	5,283
	Unemployment Benefit	-	270	552	510	530
	Other Expenses to be Incurred by the Crown - Debt Write-downs	-	(263)	(551)	(573)	(591)
	Capital Expenditure - Student Loans	-	(635)	(1,329)	(1,383)	(1,426)
Total Initiatives		13,400	147,284	132,689	85,448	32,543

Part B - Statement of Appropriations

Summary of Financial Activity

	2002/03	2003/04	2004/05	2005/06	2006/07		2007/08 Appropriations to be Used				2008/09	2009/10	2010/11	
	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	623,710	655,318	722,346	799,896	851,849	851,849	718,593	-	181,465	-	900,058	903,508	876,637	856,881
Benefits and Other Unrequited Expenses	11,743,189	11,988,075	12,068,375	12,401,311	12,901,052	12,866,484	N/A	N/A	13,364,943	-	13,364,943	13,770,221	14,327,508	14,941,997
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	97,220	103,499	106,985	450,695	746,701	686,450	-	-	705,923	-	705,923	695,476	712,959	734,309
Capital Expenditure	1,052,198	1,106,305	1,080,266	1,158,611	1,338,870	1,310,322	N/A	N/A	1,383,634	-	1,383,634	1,439,988	1,497,922	1,558,947
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	13,516,317	13,853,197	13,977,972	14,810,513	15,838,472	15,715,105	718,593	-	15,635,965	-	16,354,558	16,809,193	17,415,026	18,092,134
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	67,657	70,099	70,582	50,617	59,874	58,882	N/A	N/A	N/A	N/A	89,107	91,201	93,314	95,367
Capital Receipts	438,563	463,646	463,070	481,740	506,469	506,459	N/A	N/A	N/A	N/A	527,208	549,878	561,863	574,098
Total Crown Revenue and Receipts	506,220	533,745	533,652	532,357	566,343	565,341	N/A	N/A	N/A	N/A	616,315	641,079	655,177	669,465

Part B1 - Details of Appropriations

Appropriations	2006/07				2007/08		Scope of 2007/08 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)	5,764	-	5,764	-	5,764	-	Services to issue and produce Community Services cards, promote and distribute information about the card.
Debt Management - Former Beneficiaries (M63)	19,622	-	19,622	-	19,452	-	Services to manage debt from former beneficiaries.
Family and Community Services (M63)	25,901	-	25,901	-	28,638	-	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.
Policy and Purchase Advice (M63)	38,918	-	38,918	-	39,745	-	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.
Services to Minimise the Duration of Unemployment and Move People into Work (M63)	220,497	-	220,497	-	230,297	-	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.
Services to Protect the Integrity of the Benefit System (M63)	37,357	-	37,357	-	36,464	-	Services to minimise errors, fraud and abuse of the benefit system.
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency (M63)	273,018	-	273,018	-	281,264	-	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.
Services to Seniors (M63)	37,149	-	37,149	-	41,519	-	Services to manage the delivery of New Zealand Superannuation and New Zealand's international social security agreements.
Services to Students (M63)	35,067	-	35,067	-	32,519	-	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.
Social Development Leadership (M63)	2,931	-	2,931	-	2,931	-	Provision of strategic social policy advice and regional social development leadership.
Total Departmental Output Expenses (General)	696,224	-	696,224	-	718,593	-	

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Non-Departmental Output Expenses							
Capacity Building Initiatives (M63)	1,950	-	1,950	-	1,190	-	Provision of services to deliver talking books and articles for the blind, and purchase of services from the Red Cross. Reason for Change: Main reasons are transfer of Red Cross funding from 2005/06 to 2006/07 only, and funding ceasing for another initiative.
Children's Commissioner (M63)	1,757	-	1,757	-	1,757	-	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.
Connected Communities (M63)	3,367	-	3,367	-	12,325	-	Purchase of services to strengthen community cohesion, participation, and capability. Reason for Change: Additional funding for the Pathways to Partnership initiative in Budget 2007.
Families Commission (M63)	8,170	-	8,170	-	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)	6,432	-	6,432	-	5,747	-	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.
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.
Strong Families (M63)	46,314	-	46,314	-	62,310	-	Purchase of services to improve outcomes for families and their members. These services aim to support vulnerable families with a focus on prevention and early intervention. Reason for Change: Mainly due to the transfer of contract management for Children's Health Camps 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)	83,580	-	83,580	-	85,911	-	Provision of vocational services for people with disabilities including community participation and employment services.
Total Non-Departmental Output Expenses	155,625	-	155,625	-	181,465	-	

Appropriations	2006/07				2007/08		Scope of 2007/08 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)	885,394	-	882,499	-	908,605	-	<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: An increasing average payment rate.</p>
Assistance for People Requiring Care (M63)	6,606	-	6,406	-	-	-	<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: This appropriation will be incorporated into the Ministerial Welfare Programmes Providing Specialist Types of Assistance appropriation from 1 July 2007.</p>
Benefits Paid in Australia (M63)	71,472	-	71,472	-	58,130	-	<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	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Child Disability Allowance (M63)	78,047	-	77,821	-	87,085	-	- 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. Reason for Change: Ongoing increases in recipient numbers and the impact of cost of living adjustments.
Childcare Assistance (M63)	141,711	-	138,088	-	130,240	-	- 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. Reason for Change: The introduction of the 20 hours free Early Childhood Education for three and four year olds from 1 July 2007 will reduce the demand for Childcare Assistance.
Defence Force Allowance (M63)	10,283	-	10,283	-	-	-	- 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. Reason for Change: Appropriation transferred to Vote Defence Force with effect from 18 March 2007.
Disability Allowance (M63)	270,771	-	270,268	-	279,035	-	- 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. Reason for Change: An increasing number of recipients and an increasing average payment rate.
Disability Allowance Telephone Support (M63)	5,904	-	5,891	-	-	-	- 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. Reason for Change: This appropriation will be incorporated into the Ministerial Welfare Programmes Providing Specialist Types of Assistance appropriation from 1 July 2007.

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Domestic Purposes Benefit (M63)	1,471,542	-	1,467,163	-	1,456,234	-	<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: Decreasing number of recipients, mainly related to the introduction of the In-Work Tax Credit in April 2006. Cost of living adjustments partly offset this.</p>
Family Start/NGO Awards (M63)	465	-	465	-	604	-	<p>Payment of course fees for Family Start family/whānau and NGO workers pursuing social work qualifications.</p> <p>Reason for Change: An increase in the number of awards.</p>
Independent Youth Benefit (M63)	16,324	-	16,210	-	13,043	-	<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: Continuing fall in the number of recipients.</p>
Invalids' Benefit (M63)	1,138,563	-	1,136,430	-	1,201,420	-	<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: An increasing number of recipients, the annual cost of living adjustment, and a change to the residency requirement that reduces time required before eligible.</p>
Merit Scholarships (M63)	4,500	-	4,500	-	7,500	-	<p>Provision of bonded scholarships that reward New Zealand's most academically capable students by providing financial support.</p> <p>Reason for Change: An increase in the number of scholarships.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Ministerial Welfare Programmes Providing Specialist Types of Assistance (M63)	-	-	-	-	13,801	-	<p>This provision covers seven types of payments which unless otherwise stated below are paid in accordance with the criteria set out in the relevant Ministerial Welfare Programme pursuant to section 124 (1) (d) of the Social Security Act 1964. These are: the Home Help Programme, Clothing Allowance, Civilian Amputees, the Community Costs Programme, Disability Allowance Telephone Support, Relocation Assistance and Residential Social Rehabilitation Assistance.</p> <p>Home Help assists people who need domestic support as a result of a domestic emergency or another reason and there is no one available in the home to provide such help. It also provides non-means tested financial assistance for home help to parents in the instance of a multiple birth.</p> <p>Clothing Allowance can be paid to recipients of a Residential Care Subsidy or Residential Care Loan, pursuant to sections 154 and 155 of the Social Security Act 1964.</p> <p>Civilian Amputees assistance is available to people to meet costs associated with attending a limb centre, pursuant to section 30 of the Disabled Persons Community Welfare Act 1975.</p> <p>The Community Costs programme provides financial assistance to people in certain short-term residential treatment programmes.</p> <p>Disability Allowance Telephone Support provides assistance with telephone rental costs for some people with disabilities.</p> <p>Relocation Assistance provides assistance to victims of domestic violence and witness protection cases on the recommendation of the NZ Police.</p> <p>Residential Social Rehabilitation Assistance assists people resident in approved residential social rehabilitation programmes to pay the cost of treatment or care in those programmes.</p> <p>Reason for Change: Combining Assistance for People Requiring Care, Disability Allowance Telephone Support, Relocation Assistance and Residential Social Rehabilitation Assistance into one appropriation from 1 July 2007.</p>
New Zealand Superannuation (M63)	6,817,735	-	6,806,888	-	7,291,622	-	<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: Cost of living adjustments, an increasing number of recipients, and the increase in the wage floor from 65% to 66% of the net average ordinary time weekly wage from 1 April 2007.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Orphans'/Unsupported Child's Benefit (M63)	70,662	-	70,430	-	80,902	-	<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: A \$20 per week increase in the payment rates per child from 1 April 2007; an increasing average payment rate (before the \$20 per week increase) and an increasing number of recipients.</p>
Relocation Assistance (M63)	121	-	111	-	-	-	<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: This appropriation will be incorporated into the Ministerial Welfare Programmes Providing Specialist Types of Assistance appropriation from 1 July 2007.</p>
Residential Social Rehabilitation Assistance (M63)	1,593	-	1,583	-	-	-	<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 appropriation will be incorporated into the Ministerial Welfare Programmes Providing Specialist Types of Assistance appropriation from 1 July 2007.</p>
Scholarship and NQF/NCEA Awards (M63)	3,625	-	3,625	-	4,639	-	<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: Increase in the number of recipients.</p>
Sickness Benefit (M63)	574,850	-	573,190	-	607,636	-	<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: Increasing number of recipients and the annual cost of living adjustments.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Special Annuities (M63)	49	-	39	-	40	-	<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: An increase in the Budget 2006/07 appropriation made to reduce the likelihood of an overspend.</p>
Special Benefit (M63)	106,065	-	105,102	-	66,773	-	<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: Special Benefit is gradually being replaced by Temporary Additional Support. There were no new applications for grants of Special Benefit after 1 April 2006.</p>
Special Needs Grants (M63)	50,627	-	50,105	-	58,285	-	<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 introduction of the transitional protection policy that offers a one-off payment to beneficiaries moving from a fortnightly to a weekly payment cycle.</p>
Special Transfer Allowance (M63)	169	-	159	-	125	-	<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: Ongoing reduction in the number of recipients.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Step Up Scholarships (M63)	5,630	-	5,630	-	8,064	-	<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 introduction of new policy, which expands Step Up Scholarships by increasing the number of new awards by 50% from 1 January 2008, combined with a transfer of \$1.0 million from 2006/07 to 2008/09.</p>
Student Allowances (M63)	387,979	-	384,870	-	401,794	-	<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: Cost of living adjustments, an increase in the number of recipients and an increase in the average payment rate (before indexation). A 10% increase in the parental income thresholds with effect from 1 January 2008 also contributes to the increase in the expected number of recipients.</p>
TeachNZ Scholarships (M63)	14,082	-	14,082	-	13,607	-	<p>Provision of financial support for early childhood, Māori medium and some secondary subject teacher trainees.</p> <p>Reason for Change: Funding for additional Early Childhood Education Teach NZ scholarships awarded from 2005 has now been used, leaving underlying scholarship amounts from 2007/08.</p>
Temporary Additional Support (M63)	28,112	-	27,732	-	48,190	-	<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: Growth in the number of people receiving Temporary Additional Support.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Training Incentive Allowance (M63)	37,360	-	37,360	-	43,761	-	<p>- Provision of assistance with costs of undertaking approved employment related training for recipients of a Benefit under the Social Security Act 1964, excluding New Zealand Superannuation or Veteran's Pension. Paid in accordance with the criteria set out in the Training Incentive Allowance Programme and the Course Participation Programme pursuant to section 124(1)(d) of the Social Security Act 1964.</p> <p>Reason for Change: A reduction in the 2006/07 appropriation due to a \$6.230 million transfer of funds to Departmental Output Expenses and an \$83,000 transfer from Special Needs Grants to Training Incentive Allowance as part of the Working New Zealand Phase One changes.</p>
Transition to Work (M63)	4,861	-	4,780	-	11,434	-	<p>- Provision of payments to beneficiaries, low income earners, students 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, and the Transition to Work Grant Programme pursuant to section 124(1) (d) of the Social Security Act 1964.</p> <p>Reason for Change: Work Start Grant transferred from Other Expenses to be incurred by the Crown: Employment Assistance and incorporated, along with existing Pathways Payment and Pathways Payment Debt Recovery Suspension programme, into a new programme within this appropriation called Transition to Work Grant.</p>
Transitional Supplement (M63)	-	-	-	-	7	-	<p>- Provision of supplementary assistance to ensure that beneficiaries and non-beneficiaries who may be otherwise unintentionally financially disadvantaged by changes to legislation will be no worse off financially at the point of change. Paid 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 and the Social Security (Working New Zealand - Transitional Supplement) Regulations 2007 made pursuant to section 20 of the Social Security Amendment Act 2007.</p>

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Transitional Working for Families Supplement (M63)	15	-	5	-	-	-	- 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.
Unemployment Benefit (M63)	617,537	-	615,109	-	497,339	-	- 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. Reason for Change: The ongoing decline in the number of recipients, which outweighs the cost of living adjustments.
Widows' Benefit (M63)	78,398	-	78,188	-	75,028	-	- 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 ongoing decline in the number of recipients, which outweighs the cost of living adjustment.
Total Benefits and Other Unrequited Expenses	12,901,052	-	12,866,484	-	13,364,943	-	
Other Expenses to be Incurred by the Crown							
Community Labour Market Development Assistance (M63)	6,333	-	6,333	-	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.
Debt Write-downs (M63)	634,857	-	574,606	-	596,115	-	- 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: Mainly from recognising impairment on student loans for both 2005/06 and 2006/07 in 2006/07. This was necessary because 2005/06 impairment information did not become available in time for it to be incorporated in that year's accounts.
Employment Assistance (M63)	94,955	-	94,955	-	85,468	-	- 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 and Training Assistance.

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown - cont'd							
Out of School Care Programmes (M63)	10,551	-	10,551	-	15,002	-	- Provision of assistance to CYF approved OSCAR programmes to assist with the establishment and/or operating costs of OSCAR programmes.
Suspensory Loan Abatement (M63)	5	-	5	-	5	-	- Provision for the abatement of suspensory loans.
Total Other Expenses to be Incurred by the Crown	746,701	-	686,450	-	705,923	-	
Capital Expenditure							
Community Services Card Reimbursements (M63)	189	-	179	-	170	-	- 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. Reason for Change: Falling card use as more segments of the population are eligible for cheaper healthcare through Primary Health Organisations. An increase in the Budget 2006/07 appropriation was also made to reduce the likelihood of an overspend.
Recoverable Assistance (M63)	114,237	-	113,176	-	115,058	-	- Facility for low-income earners and beneficiaries to access means-tested assistance 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. Reason for Change: Small increase in demand as more ex-beneficiaries and other low income earners utilise this facility and as costs increase.
Student Loans (M63)	1,224,444	-	1,196,967	-	1,268,406	-	- 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. Reason for Change: Increases in the number of borrowers and average borrowings.
Total Capital Expenditure	1,338,870	-	1,310,322	-	1,383,634	-	
Total Appropriations	15,838,472	-	15,715,105	-	16,354,558	-	

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, which is 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 with an emphasis on prevention and early intervention. 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, service co-ordination 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, the development and provision of a strong evidence base for this 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.
- Red Cross Community Services Project: Development of programmes that provide services to support older people and carers in the community.

Performance measures

- Talking Books: Delivery and return of 370,000 books and delivery of 8,000 articles.
- Red Cross: A report that identifies the added value that Work and Income programmes could provide to enhance services to older people and carers.

Cost

This output expense will be provided within the appropriated sum of \$1.190 million.

	2006/07 \$000	2007/08 \$000
Total output class expenses	1,950	1,190
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 performance standards are described below.

Performance Measure	Performance Standard 2007/08	Performance Standard 2006/07
<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>		
Ministerial meetings and briefings	10	10
Meetings of young peoples reference group	Convene 4 meetings (see Note1)	Convene 6 meetings

Performance Measure	Performance Standard 2007/08	Performance Standard 2006/07
Monitoring and Investigation		
Commissioner visits to CYF sites and residences	10 (see Note 2)	12
Implement provisions of the Memorandum of Understanding with CYF	As required	New measure
Monitoring of CYF complies with standards established in the Memorandum of Understanding	Joint annual review of effectiveness of the Memorandum of Understanding	Joint annual review of effectiveness of the Memorandum of Understanding
Individual and Systemic Activity		
Respond to information and resource requests including UNCROC resources	650	650
Promote UNCROC compliance review findings and the removal of reservations and other obstacles to the implementation of UNCROC	4 events with NGOs hosted by the office	New measure
Quality and Timeliness		
Quality and timeliness will be agreed with the Minister for Social Development and Employment and are defined in the Output Agreement	As required	As required

Cost

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

	2006/07 \$000	2007/08 \$000
Total output class expenses	1,757	1,757
Total output class revenues	-	-

Connected Communities

This output expense provides funding for services to strengthen cohesion, participation and capability in the community which in turn will strengthen families.

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 real differences within their 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 2007/08 output plans are delivered within agreed timeframes.

Cost

This output expense will be provided within the appropriated sum of \$12.325 million.

	2006/07 \$000	2007/08 \$000
Total output class expenses	3,367	12,325
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
- consult with, or refer matters to, other official bodies or statutory agencies.

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 2007/08	Performance Standard 2006/07
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
Estimated number of registered members on the Couch website as at 30 June 2008	4,000	New measure
Research grants awarded	12	New measure
Family events or conference participated in	6	New measure

Performance Measure	Performance Standard 2007/08	Performance Standard 2006/07
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%
Research reports from awarded research fund grants are available for release within two months of completion of the final report by the grant recipient.	95%	New measure

Quality

- All major projects will be monitored and reviewed by the Board.
- Process: All major projects will be delivered in accordance with the Commission's quality management system.
- Technical robustness: All research projects are in accordance with the Commission's quality management system.

Cost

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

	2006/07 \$000	2007/08 \$000
Total output class expenses	8,170	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 (2003) 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 2007/08	Performance Standard 2006/07
Quantity		
Average number of monthly visits to <i>Sorted</i> website	80,000 to 120,000	70,000 to 90,000
Average number of retirement income related calculations made on <i>Sorted</i> each month	240,000 to 300,000	200,000 to 250,000
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 \$5.747 million.

	2006/07 \$000	2007/08 \$000
Total output class expenses	6,432	5,747
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.

	2006/07 \$000	2007/08 \$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. Services funded in this output expense are aimed at supporting vulnerable families and focus on prevention and early intervention. This output expense includes:

- Preventive Services: Funding for community and voluntary-based provider groups to:
 - deliver budget advice and education, and information service
 - train older people as mentors to deliver one-on-one home and life skills mentoring to families in needs of assistance (SAGES)
 - deliver elder abuse and neglect prevention education and services.
- Early Intervention Initiatives:
 - funding for the Family Start programme which provides assistance to the top 15% at-risk 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
 - piloting a parenting support programme building on the core Well Child services currently accessed by virtually all parents of young children
 - funding for community and voluntary-based provider groups to employ teenage parent service co-ordinators to ensure teenage parents and their children have better access to the support and help they need
 - funding for community and voluntary-based provider groups to employ advocates for children and young people who witness family violence. The advocates will be based in a community-based agency, and will be a community-wide resource for people working with children and young people witnessing family violence
 - provide co-ordinated and accessible support to vulnerable families through Early Years Service Hubs

- funding for community groups to undertake local projects to change attitudes and behaviours towards family violence. Funding will be distributed under the Community Action Fund of the Changing Attitudes and Behaviours Towards Family Violence campaign. (This campaign is being overseen by the Taskforce for Action on Violence Within Families.)
- providing funding to support the full participation of community and voluntary based provider groups in the Strengthening Families initiative. Strengthening Families provides co-ordination between government and non-government services so that vulnerable families can get access to the help they need when they need.

Additionally, from 1 July 2007, funding for Children's Health Camps transferred from Vote Health to Vote Social Development. Ministers agreed in 2005 that the Children's Health Camps should be refined to have a greater emphasis on providing family and community-based interventions. During 2007/08 the Ministry of Social Development will undertake a review of the service specifications and negotiate a new contract for 2007/08.

Performance measures

Prevention initiatives

- Between 80,000 and 120,000 people will receive budgeting advice and education.
- Between 300 and 500 families and individuals in need will receive home and life skills mentoring education.
- Between 850 and 950 people will receive elder abuse and neglect prevention services education.

Early Intervention initiatives

- Between 4,300 and 4,800 families will receive Family and Early Start services.
- Family Start services will be provided in at least 26 sites across New Zealand.
- The Toddlers Without Tears trial being run by Well Child providers will be extended to two additional District Health Board areas: Counties-Manukau and Canterbury.
- Community service providers will maintain the employment of eight Teenage Parent Service Co-ordinators in Whangarei, Auckland City, Mangere, Manukau, Hastings, Rotorua, Gisborne and Christchurch.
- Seven Early Years Service Hubs will offer core services to vulnerable families with children pre-birth to school entry.
- Between 25 and 30 child advocates based in NGOs will provide advice and consult with those working with children and their families.

Cost

This output expense will be provided within the appropriated sum of \$62.310 million.

	2006/07 \$000	2007/08 \$000
Total output class expenses	48,799	62,310
Total output class revenues	-	-

Student Placement Services

This output expense purchases services from Student Job Search (SJS) to place students in employment during summer break and in-term periods.

Performance measures

In 2007/08 Student Job Search will:

- connect students to at least 117,000 weeks of work through the placement of tertiary students in work over the period 1 October 2007 to 28 February 2008 (these placements will generate at least \$47 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 117,000 at least 50,000 will be generated that exceed 30 hours for 4 weeks. of this total, 30,000 will be in course related or skilled placements
- connect students to 93,000 weeks of work through the placement of tertiary students in work over the periods 1 July 2007 to 30 September 2007, and 1 March 2008 to 30 June 2008 (these placements will generate at least \$34 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). SJS expect to make around 25,000 placements over the summer period and 49000 '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.

	2006/07 \$000	2007/08 \$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 were implemented over a transition period that finished on 30 June 2007.

Performance measures

Quantity

- at least 9,300 individuals will be placed in paid open employment in the 2007/08 year
- up to 20,000 individuals will receive a range of Vocational Services in the 2007/08 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 commenced in 2006/07 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. This review is currently in progress. The final findings of the review will be reported in November 2007.

Cost

This output expense will be provided within the appropriated sum of \$85.911 million.

	2006/07 \$000	2007/08 \$000
Total output class expenses	83,580	85,911
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

Until now the appropriations for forecast benefit and other unrequited expense and capital expenditure items in this Vote have been forecast on a mid-point basis. This means it is to be expected that actual expenditure on some of the forecast items will be more than the mid-point forecast and on other forecast items less than the mid-point forecast. As an appropriation is a legal upper limit on expenditure, using a mid-point forecast to determine the amount of the appropriation inevitably means that there will be unappropriated expenditure for some forecast items, requiring separate ministerial approval and parliamentary confirmation, or parliamentary validation.

To reduce the likelihood of unappropriated expenditure on forecast items in this Vote, the cumulative appropriation for each forecast item in this Vote in the 2006/07 Supplementary Estimates includes for the last three months of 2006/07 not the mid-point forecast but a reasonable upper bound of the forecast range. The estimated actual amounts for 2006/07 and the amounts to be appropriated for 2007/08 shown in the 2007/08 Estimates for forecast items in this Vote continue to be on a mid-point forecast basis. These are the amounts that continue to be used in the fiscal forecasts in the Budget Economic and Fiscal Update.

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.

Benefits Paid in Australia

This appropriation is the result of the 1994 Social Security Agreement with Australia that enabled the Australian Government to provide income support to New Zealanders resident in Australia. The New Zealand Government was required to reimburse the Australian Government for assistance provided under this agreement. A revised Social Security Agreement between New Zealand and Australia came into force from 1 July 2002. This revised Agreement allows New Zealand to make payments directly to recipients of New Zealand Superannuation and Invalid's Benefit (paid to those who are severely disabled) for applications made after the 2002 Agreement came into force. The reimbursement provisions for people who were receiving payment as at June 2002 under the 1994 Agreement were 'grandparented'. These reimbursement amounts reduce each year in accordance with the reimbursement provisions in the 2002 Agreement, and are subject to exchange rate and Australian Consumer Price Index movements.

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, sensory, psychiatric or intellectual 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 \$39.47 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, or 14 to 17 years old 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.

The maximum rate is currently \$3.40 per child per hour and all rates are inflation adjusted each April by movements in the Consumers Price Index (CPI). Income thresholds were increased by 9% to 13% in October 2006 (depending on the number of children in the household) and are adjusted whenever the accumulated CPI movement surpasses 5% from the last adjustment. Income thresholds were further increased in April 2007 to a level such that 60% of couples with children are eligible to receive Childcare Assistance based on Census 2006 income data.

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 Veteran's 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 \$52.38 per week.

Domestic Purposes Benefit

The Domestic Purposes Benefit (DPB) provides income-tested assistance for eligible sole parents, women alone and caregivers of a sick or infirm person. Net weekly rates paid range from \$180.54 per week for a single person aged 16 to 17 years caring for a sick or infirm person up to \$293.08 per week for a sole parent caring for a sick or infirm person. The standard sole parent net rate is \$255.65 per week. The weekly amounts quoted are before Family Tax Credit payments. This appropriation also includes Emergency Maintenance Allowance payable to sole parents that do not otherwise meet the DPB criteria. The weekly net rate most commonly paid is \$118.98 payable to 16-17 year olds living at home where the parents are unable to offer financial support. This appropriation is inclusive of tax and is after deductions for debt establishments and overseas pension recoveries.

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 in social work, early childhood education or health, and at least 50 Non-Government Organisation staff each year to study for social work qualifications that meet the prerequisite educational qualifications for social worker registration. The fee payments are made directly to the 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 cannot 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 years old. There is one rate of payment applying to both single recipients and to each partner of a married, civil union or defacto couple. The net weekly rate is currently \$148.73 per week. This appropriation is inclusive of tax and is after deductions for debt establishments.

Invalid's Benefit

The Invalid's 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 from regularly working 15 hours or more a week in open employment. They also qualify if they are totally blind. Invalid's Benefit is paid at a higher rate than other benefits, ranging from a net rate of \$180.54 per week for a single person aged 16 to 17 years to \$371.84 per week in total for a married, civil union or defacto couple (with or without children). A sole parent will receive \$293.08 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 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, from the second year of a first bachelor degree. 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. Students who breach the terms and conditions of their scholarship may have all or part of their scholarship payments recovered as a Student Loan. These non-taxable scholarships were introduced in the 2006 academic year. Up to 1,000 scholarships are available to help pay for up to \$3,000 of compulsory course fees per year.

Ministerial Welfare Programmes Providing Specialist Types of Assistance

This appropriation is a consolidation of seven allowances - the Home Help Programme, Clothing Allowance, Civilian Amputees, the Community Costs Programme, Disability Allowance Telephone Support, Relocation Assistance and Residential Social Rehabilitation Assistance.

Home Help is available to families who require temporary part-time domestic help (such as housework, laundry and food preparation) 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 was increased 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 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 Civilian Amputees payment is made to assist people with travel and accommodation costs of attending a limb centre.

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.

Disability Allowance Telephone Support is provided through 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 Costs Payment plus Disability Allowance does not exceed the maximum payment rate for Disability Allowance.

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.

The Residential 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 is made 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, Special Benefit or Temporary Additional Support at the same time. This programme is non-taxable and is income tested.

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 \$255.74 per week for a single person sharing accommodation, \$277.06 per week for a single person living alone and \$426.24 per week for a married, civil union or defacto couple where each separately qualifies. Any adjustment to the net weekly amount of New Zealand Superannuation payable to a married, civil union or defacto couple must not result in a net amount of 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 as are amounts received by the Ministry under the Special Banking Option for overseas pension recoveries.

Orphan's/Unsupported Child's Benefit

Orphan's 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 disablement which renders them unable to care for the child.

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 \$117.76 for a child under 5 years old to \$153.05 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 under the Children Young Persons and Their Families Act who continue to care for a child who has been discharged from foster care and for whom an Orphan's or Unsupported Child's Benefit is paid. Care Supplement payments range from \$6.29 (under 5 year olds) to \$20.62 (14 years old and over) per week.

Scholarship and NQF/NCEA Awards

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. To be eligible for the award a student must be enrolled in a course of tertiary study. The value and tenure of the awards depends on the type of award.

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 if there are complications). It is not a work-tested benefit except for the spouse or partner of clients in receipt of Sickness Benefit.

Net weekly rates of payment range from \$118.98 for an 18 or 19 year-old living at home to \$297.46 for a married, civil union or defacto couple (with and without children). The sole parent rate is the same as for the Domestic Purposes Benefit. This appropriation is inclusive of tax and 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 was replaced by Temporary Additional Support for applications received from 1 April 2006. Recipients current at 31 March 2006 continue to receive Special Benefit until they no longer qualify for it.

Special Needs Grants

The Special Needs Grants appropriation includes any non-recoverable Special Needs Grant 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

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. The student must make a minimum contribution towards their fees each year, with the balance being paid by the 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. Students who breach the terms and conditions of their scholarship may have all or part of their scholarship payments recovered as a Student Loan. This scholarship is non-taxable.

Student Allowances

Student Allowances are governed by the Student Allowances Regulations 1998, and are paid to assist eligible students with their living expenses while they undertake full-time study. An additional non-taxable, regionally determined Accommodation Benefit is also available to eligible students. New grants of A and B Bursaries are no longer payable from 1 January 2007.

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.

Students are 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.

The rate of allowance paid to students under 25 years of age without children is affected by their parents' income over a threshold. From 1 January 2007 the parental income threshold was adjusted by 10%. This one-off increase was followed by the annual inflation adjustment in line with movements in the Consumers Price Index in April 2007.

The range of Student Allowance rates varies from \$118.98 after tax per week for a single student under 25 years old living at home, to \$297.46 for a student with a dependent spouse. The standard net rate for an 18-24 year old living away from home is up to \$148.73 per week. 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 years 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, and
- 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.

TeachNZ Scholarships

TeachNZ Scholarships assist with study to become an early childhood education teacher, a Māori medium teacher or a teacher of specific secondary school subjects. Scholarship recipients have fees paid, and full-time students receive an additional non-taxable allowance of up to \$10,000 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 at 31 March 2006 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 people who participate in employment and training programmes to improve their skills to either move into, or increase their chances of moving into work. There are two programmes covered under this appropriation, the Training Incentive Allowance and Course Participation Assistance.

To be able to receive the Training Incentive Allowance, a client must be receiving a qualifying benefit and be enrolled in a course that:

- is approved employment related training, and
- attracts Student Component Funding or other Government funding, or
- is considered to meet government quality and relevance standards but is not student component funded, eg, secondary school courses and university pre-enrolment courses.

Training Incentive Allowance is paid up to a maximum of \$90.52 for each week of the course, subject to an annual maximum of \$3,620.80. Training Incentive Allowance also includes provision for payments made under the Teen Pilot Project. These payments provide financial assistance to some teenage parents to cover childcare costs to enable the parent to attend secondary education.

Course Participation Assistance is available to clients to assist with costs incurred through participating in short-term employment and training programmes where the Training Incentive Allowance is not available. The payment is available to assist with childcare and transport costs and some short course fees, for example, a heavy traffic licence. Up to \$1000.00 is available over a 52 week period, with weekly maxima of \$80.00 for people incurring transport and/or childcare costs and \$60.00 for people incurring only transport costs.

Transition to Work

Transition to Work is intended to assist beneficiaries, some low-income earners, and students to move into employment. It consists of four components: New Employment Transition Grants, Seasonal Work Assistance, the Employment Transition Programme and the Transition to Work Grant.

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

The Seasonal Work Assistance Programme pays a specified non-taxable weekly amount. It was introduced in July 2002 and provides assistance to people who left benefit to enter employment as a seasonal horticultural worker and who cannot work and loses income due to adverse weather conditions.

The Employment Transition Programme pays a non-taxable income adjustment to former 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.

Transition to Work Grant was introduced from 30 April 2007. It combines what were previously the Work Start Grant, Pathways Payment and Pathways Payment Debt Recovery Suspension programmes. Transition to Work Grant provides flexible non-recoverable financial assistance towards

essential costs incurred when transitioning into employment. The grant is available to beneficiaries, low-income earners returning to the workforce or transferring between jobs, and to students. In some cases payments covering up to two weeks of benefit and temporary suspension of debt repayments are also available.

Transitional Supplement

The Transitional Supplement commences on 1 July 2007 as part of the Working New Zealand: Work Focused Support 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 1 July 2009 and replaces the former Transitional Working for Families Supplement that ensured no one was disadvantaged by the Working for Families package.

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 \$118.98 for an 18 or 19 year-old living at home to \$297.46 for a married, civil union or defacto 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 and is after deductions for debt establishments and overseas pension recoveries.

Widow's Benefit

Widow's Benefit provides support to women whose partners have died. Net weekly rates paid range from \$185.92 for a woman living alone to \$255.65 for a sole parent. The weekly amounts quoted are before Family Tax Credit payments. This appropriation is inclusive of tax and is after deductions for debt establishments and overseas pension recoveries.

Part D3 - Other Expenses

Debt Write-downs

This appropriation records all debt write-downs, impairments 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. Student Loan debt write-down accounts for 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 that connect them to the work place
- wage subsidies to help disadvantaged job seekers move towards unsubsidised employment
- subsidies to provide work experience opportunities which are environmentally based or of benefit to the community
- subsidies to assist job seekers move into unsubsidised self employment.

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 2006/07 \$000	Projected 2007/08 \$000	Explanation of Projected Movements in 2007/08
Opening Balance	313,347	313,347	
Capital Injections	-	1,500	Funding to redevelop the Youth Justice Lower North residential facility.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	313,347	314,847	

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

	Balance Date	Estimated Net Worth 2007 \$000	Forecast Net Worth 2008 \$000
Crown Entities:			
New Zealand Artificial Limb Board	30 June	5,700	5,615
Children's Commissioner	30 June	500	421
Retirement Commissioner	30 June	6,432	5,757
Families Commission	30 June	2,800	1,766
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 has been temporarily lost.

Recoverable Assistance

This consists of payments made under either of recoverable Advance Payment of Benefit, or recoverable Special Needs Grants or 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 people on a benefit stand-down, and the accommodation portion of re-establishment grants. An income and asset test applies to each programme.

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 was charged on outstanding loans provided the borrower continued to live in New Zealand. From 1 April 2007 up to three years of repayment holiday is available for borrowers going overseas; interest will still accrue.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2006/07		2007/08	Description of 2007/08 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Non-Tax Revenue				
Interest Revenue	51,485	50,493	80,240	Provision to record the interest unwind on Student Loans and benefit Debt as required under International Financial Reporting Standards from 2007/08, with early adoption in 2006/07 for Student Loans.
Maintenance Capitalisation	(578)	(578)	(493)	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 - Administration Fee	8,967	8,967	9,360	Provision to record the administration fee charged when a Student Loan facility is first drawn down.
Total Non-Tax Revenue	59,874	58,882	89,107	
Capital Receipts				
Benefit Recoveries - Current Debt	194,898	194,898	197,285	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	2,460	2,460	2,050	The recovery of liable parent contribution arrears from non-custodial parents.
Benefit Recoveries - Non-Current Debt	76,288	76,288	78,632	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	189	179	170	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	165,475	165,475	175,294	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	67,159	67,159	73,777	Repayment of Student Loans made prior to the loans being transferred to the Inland Revenue Department.
Total Capital Receipts	506,469	506,459	527,208	
Total Crown Revenue and Receipts	566,343	565,341	616,315	