



Cabinet

CAB Min (07) 12/1(45)

Minute of Decision

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Minister of Social Development

Copies to:

Prime Minister
Deputy Prime Minister
Minister of Finance
Hon Jim Anderton
Associate Minister of Finance
(Hon Trevor Mallard)
Controller and Auditor-General

2007 Budget Package: Vote Social Development

On 19 April 2007, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2007 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
4162	Family Violence - Whanau Violence Prevention: Best Practice Initiatives	-	2.000	-	-	-
4190	Pathways to Partnership: Strengthening the Child and Family Services Sector	(20.400)	10.200	10.200	-	-
4242	Annual Adjustment of the Student Allowance Personal Income Abatement Threshold	-	0.117	0.207	0.186	0.185
4243	Expansion and Redesign of Step Up Scholarships	-	1.641	1.804	3.416	4.091
4244	Increasing the Student Allowances Parental Income Threshold by 10%	-	2.194	4.438	4.614	4.759
4527	2006/07 Defence Force Allowance (DFA) Underspend Transfer to Vote Defence Force	(0.741)	-	-	-	-

	Transfer of Funding and Contract Management of Children's Health Camp Services from Vote Health	(0.240)	0.060	0.060	0.060	0.060
	Fiscally Neutral Adjustment to Fund Services to Students	-	-	-	-	-
Total Operating		(21.381)	16.212	16.709	8.276	9.095

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
4242	Annual Adjustment of the Student Allowance Personal Income Abatement Threshold	-	(0.036)	(0.069)	(0.061)	(0.061)
4243	Expansion and Redesign of Step Up Scholarships	-	(1.258)	(1.787)	(3.969)	(4.855)
4244	Increasing the Student Allowances Parental Income Threshold by 10%	-	(0.619)	(1.295)	(1.348)	(1.390)
Total Capital		-	(1.913)	(3.151)	(5.378)	(6.306)

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations (where applicable) to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2006/07 above be included in the 2006/07 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2006/07 Supplementary Estimates, the 2007/08 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2007 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Secretary of the Cabinet

Reference: CAB (07) 135, CAB (07) 135A

Vote: Social Development

Title: Family Violence - Whanau Violence Prevention: Best Practice Initiatives

Description: Provision of support and supervision for people working to prevent violence in Maori whanau and communities, including provision of Mauri Ora training and the establishment of a Maori advisory group to support best practice approaches.

Theme: Families - Young and Old

Theme Objective: Eliminating family violence

Performance Information

Performance Text

This bid delivers (1) Support for trained practitioners working to prevent violence in Maori whanau and communities. (2) Training to 60 practitioners in 2007/08. The trainees will be working in both Maori and non-Maori provider organisations. (3) Establish a Maori advisory group. (4) Resources to trained practitioners to enable them to maintain best practice standards.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	2.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.000	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses (General): Family and Community Services (funded by Revenue Crown)	-	2.000	-	-	-
Total Operating	-	2.000	-	-	-
Total Capital	-	-	-	-	-

Vote: Social Development

Title: Pathways to Partnership: Strengthening the Child and Family Services Sector

Description: The first step in strengthening community based child and family services, including, improving service coverage capacity and capability, and a new approach to funding that supports collaboration with central government and between those delivering services to children and families.

Theme: Families - Young and Old

Theme Objective: Best start in life for kids

Performance Information

Performance Text

This proposal directly supports the achievement of Families - Young and Old priority issues including the elimination of family violence and effective interventions in the justice sector. A strong non-government sector is vital to the delivery of community based intensive social services. If no action is taken, increasing pressure on NGOs will affect their ability to maintain services at a sufficient level and quality to meet community need.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	(20.400)	10.200	10.200	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(20.400)	10.200	10.200	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Family and Community Services (funded by Revenue Crown)	-	0.452	0.452	-	-
Non-Departmental Output Expenses:					
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)	-	-	-	-
Total Operating	(20.400)	10.200	10.200	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

noted that Cabinet is scheduled to decide the mix of initiatives to be funded from the \$20.400 million transfer of resources from 2006/07 to 2007/08 and 2008/09 by 30 June 2007 and that this decision will be reflected in baselines as part of the October 2007 Baseline Update process.

Vote: Social Development

Title: Annual adjustment of the student allowance personal income abatement threshold

Description: Funding is sought to annually adjust the personal income threshold by inflation in the Annual General Adjustment process on an ongoing basis effective from 1 April 2008. This also means corresponding increases to the joint income threshold and joint income maximum limit.

Theme: Economic Transformation

Theme Objective: Firms' innovative capacity

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Full SA (previously abated SA)	Recipients	0	160	160	150	150
New Student Allowance (SA)	Recipients	0	10	10	10	10
Higher abated SA	Recipients	0	1750	1750	1740	1740
Total Beneficiaries	Recipients	0	1920	1920	1900	1900

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	0.117	0.207	0.186	0.185
Debt Impact	-	(0.036)	(0.069)	(0.061)	(0.061)
No Impact	-	0.020	0.039	0.034	0.033
Total	-	0.101	0.177	0.159	0.157

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Services to Students (funded by Revenue Crown)	-	0.010	-	-	-
Benefits and Other Unrequited Expenses:					
Accommodation Supplement	-	0.001	0.002	0.002	0.002
Student Allowances	-	0.136	0.262	0.233	0.231
Unemployment Benefit	-	0.005	0.010	0.010	0.010
Other Expenses to be Incurred by the Crown:					
Debt Write-downs	-	(0.015)	(0.029)	(0.026)	(0.026)
Capital Expenditure:					
Student Loans	-	(0.037)	(0.071)	(0.063)	(0.062)
Total Operating	-	0.137	0.245	0.219	0.217
Total Capital	-	(0.037)	(0.071)	(0.063)	(0.062)

Additional Recommendations

noted that students with a spouse face joint income thresholds, as well as personal abatement and, as in Budget 2005 when the current personal income threshold was increased from \$135.13 to \$180 per week, joint income thresholds need to be correspondingly increased to maintain equity for students with spouses;

noted that the annual adjustment to personal and joint income thresholds will be included in the Annual Adjustment process on an ongoing basis effective from 1 April 2008;

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

Vote: Social Development

Title: Expansion and Redesign of Step Up Scholarships

Description: This bid seeks funding to expand the Step Up Scholarship pilot by maintaining the 2006 volume of new awards and further expanding that volume of new awards by 50 percent from 1 January 2008. Additional administration funding is also sought for the scheme to increase equity and access opportunities.

Theme: Economic Transformation

Theme Objective: Firms' innovative capacity

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Number of recipients (SUS)	People	0	181	181	181	181

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	1.641	1.804	3.416	4.091
Debt Impact	-	(1.258)	(1.787)	(3.969)	(4.855)
No Impact	-	-	-	-	-
Total	-	0.383	0.017	(0.553)	(0.764)

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Services to Students (funded by Revenue Crown)	-	0.718	0.493	0.503	0.527
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	-	(0.535)	(0.760)	(1.687)	(2.064)
Capital Expenditure:					
Student Loans	-	(1.291)	(1.833)	(4.072)	(4.982)
Total Operating	-	1.617	1.770	3.340	3.998
Total Capital	-	(1.291)	(1.833)	(4.072)	(4.982)

Additional Recommendation

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

Vote: Social Development

Title: Increasing the Student Allowances parental income threshold by 10%

Description: Funding to increase the student allowance parental income threshold by 10% to approximately \$44,334 from 1 January 2008. As a consequence the cut-off point will increase to approximately \$75,269 per annum for those living away from home and approximately \$69,081 per annum for those living at home.

Theme: Economic Transformation

Theme Objective: Firms' innovative capacity

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Full SA (previously abated SA)	Recipients	0	1600	1630	1650	1670
New Student Allowance (SA)	Recipients	0	780	800	810	820
Higher abated SA	Recipients	0	7510	7660	7740	7830
Total Beneficiaries	Recipients	0	9890	10090	10200	10320

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	2.194	4.438	4.614	4.759
Debt Impact	-	(0.619)	(1.295)	(1.348)	(1.390)
No Impact	-	0.346	0.721	0.687	0.712
Total	-	1.921	3.864	3.953	4.081

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Services to Students (funded by Revenue Crown)	-	0.122	0.114	0.116	0.119
Benefits and Other Unrequited Expenses:					
Accommodation Supplement	-	0.048	0.098	0.101	0.103
Student Allowances	-	2.351	4.921	5.121	5.283
Unemployment Benefit	-	0.270	0.552	0.510	0.530
Other Expenses to be Incurred by the Crown:					
Debt Write-downs	-	(0.263)	(0.551)	(0.573)	(0.591)
Capital Expenditure:					
Student Loans	-	(0.635)	(1.329)	(1.383)	(1.426)
Total Operating	-	2.528	5.134	5.275	5.444
Total Capital	-	(0.635)	(1.329)	(1.383)	(1.426)

Additional Recommendations

noted that this increase would be over and above the annual Consumer Price Index increase effective on 1 April each year;

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

invited the Minister for Social Development and Employment to instruct Parliamentary Counsel to draft an amendment to the Student Allowance Regulations 1998, to increase funding so that from 1 January 2008 the parental income thresholds for student allowance will be increased by 10 percent to approximately \$44,334.

Vote: Social Development

Title: 2006/07 Defence Force Allowance (DFA) underspend transfer to Vote Defence Force

Description: On 18 March 2007 the Defence Force Allowance (DFA) transferred from Vote Social Development to Vote Defence Force. The final underspend of DFA in Vote Social Development in 2006/07 is \$741,000.

Theme: National Identity

Theme Objective: Non-specific

Performance Information

Performance Text

Not required.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	(0.741)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.741)	-	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Benefits and Other Unrequited Expenses: Defence Force Allowance	(0.741)	-	-	-	-
Total Operating	(0.741)	-	-	-	-
Total Capital	-	-	-	-	-

Technical Changes to be Included in the 2007 Budget Package: Vote Social Development Financial Recommendations

Transfer of Funding and Contract Management of Children's Health Camp Services from Vote Health

agreed to the following transfer of funding for contracting and management of Te Puna Whaiora Children's Health Camp services from 1 July 2007, with no impact on debt:

	\$m – increase/(decrease)					
	2006/07	2007/08	2008/09	2009/10	2010/11&	2011/12 & Outyears
Vote Health Minister of Health			-			
Departmental Output Expense: DHB Funding and Performance (funded by revenue Crown)	(0.240)	-		-	-	-
Non Departmental Output Expense National Services	-	(12.183)	(12.183)	(12.183)	(12.183)	(12.183)
Vote Social Development Minister for Social Development and Employment						
Departmental Output Expense: Family and Community Services (funded by revenue Crown)	-	0.060	0.060	0.060	0.060	-
Non Departmental Output Expense Strong Families	-	12.183	12.183	12.183	12.183	12.183
Total Operating	(0.240)	0.060	0.060	0.060	0.060	-

Fiscally Neutral Adjustment to Fund Services to Students

agreed to the following fiscally neutral adjustment to reflect the increase in the costs of administering Student Loans following the change to an interest free Study Loan policy, with no impact on the operating balance or debt:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses: Services to Seniors (funded by revenue Crown)	(2.000)	-	-	-	-
Debt Management – Former Beneficiaries (funded by revenue Crown)	(0.500)	-	-	-	-
Services to Students (funded by revenue Crown)	2.500	-	-	-	-
Total Operating	-	-	-	-	-

Working New Zealand: Work-Focused Support – Transitional Supplement

agreed that the ‘Transitional Working for Families Supplement’ appropriation title be amended to ‘Transitional Supplement’ from 1 July 2007 and that Transitional Supplement expire on 1 July 2009;

Working for Families Contingency Fund

agreed to transfer the unspent 2006/07 balance of \$ 5.390 million of the Working for Families Contingency to 2007/08.